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Canada Student Loans Program

Annual Report 2004-2005

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Vision

The Canada Student Loans Program's vision is that all Canadians have the opportunity to develop the knowledge and skills to participate fully in the economy and in society.

Mission

The Canada Student Loans Program (CSLP) seeks to promote accessibility to post-secondary education for students with demonstrated financial need by:

- ***providing*** loans and grants to eligible individuals;
- ***developing and implementing*** policies that balance requirements for accountability, integrity and responsiveness to the changing needs of students and society;
- ***providing*** information to help students and their families make informed choices;
- ***enhancing and improving*** the delivery of services, resulting in high client satisfaction;
- ***ensuring*** the development and renewal of a valued, knowledgeable, motivated workforce within the CSLP; and
- ***building*** on and improving collaborative partnerships with federal, provincial and territorial partners, stakeholders and student organizations.

Mandate

The Canada Student Loans Program's mandate is to promote access to post-secondary education through the provision of financial assistance in the form of loans and/or grants to qualified students based on financial need, regardless of province or territory of residence.

Legal Mandate

Canada Student Loans issued prior to August 1, 1995 (guaranteed student loans)[1] are governed pursuant to the *Canada Student Loans Act* and its regulations. Risk-shared[2] (August 1995 to July 2000) and directly financed[3] (August 2000 to present) student loans are governed pursuant to the *Canada Student Financial Assistance Act* and its regulations.

While financial assistance is mainly delivered through repayable loans, section 15 of the *Canada Student Financial Assistance Act* authorizes the CSLP to establish targeted non-repayable grants. Non-repayable grants are available for students with permanent disabilities, females pursuing doctoral studies, high-need part-time students, high-need students with permanent disabilities and students with dependants.

1 Under the guaranteed regime, the federal government guaranteed lenders repayment of Canada Student Loans.

2 Under the risk-shared regime, the federal government paid nine private lenders a premium of 5% in return for accepting the risk of non-repayment.

3 As of August 2000, the federal government directly finances loans and has contracted third-party Service Providers to administer the loan process. The *Canada Student Financial Assistance Act* and its regulations were amended in 2000 to allow for directly financed loans.

EXECUTIVE SUMMARY

This annual report of the Canada Student Loans Program (CSLP) informs Parliament and Canadians of the program's performance for the 2004-05 loan year (August 1, 2004 to July 31, 2005) and provides detailed financial information for the 2004-05 fiscal year (April 1, 2004 to March 31, 2005).

All data in this report represent **only the federal share** of student loans and grants. Students may have received provincial loans and grants as well.

BACKGROUND

Federal, Provincial, and Territorial Partnerships

The Government of Canada jointly administers the Canada Student Loans Program (CSLP) and other forms of student financial assistance with nine participating provinces and Yukon Territory. The Government of Canada provides alternative payments to Quebec, the Northwest Territories, and Nunavut for their own provincial/territorial student assistance programs, as these jurisdictions do not directly participate in the CSLP.

The total value of the CSLP portfolio for all in-study and in-repayment loans was $10.6 billion as of March 31, 2005, a $13.7 million increase over the previous fiscal year.

Canada Student Loan Regimes

Since August 1, 2000, the Government of Canada has directly financed federal student loans to borrowers. Prior to providing loans to students under the direct loan regime, the CSLP provided loans under the guaranteed and risk-shared regimes. The total portfolio for the CSLP thus includes all three methods of administering loans to borrowers: the guaranteed, risk-shared and direct loans regimes.

- The total value of the CSLP portfolio for all in-study and in-repayment loans was $10.6 billion as of March 31, 2005, a $13.7 million increase over the previous fiscal year.
  - $4.1 billion (38%) was owed by in-study borrowers.
  - $6.5 billion (62%) was owed by borrowers repaying their loan.

Program Enhancements in the 2004-05 Loan Year

In May 2005, the government of New Brunswick signed an Integration Agreement with the Government of Canada. Integration simplifies and streamlines the student loan application and repayment processes by using a common administrative platform. The provinces of Ontario, Saskatchewan, and Newfoundland and Labrador have also signed Integration Agreements.

Substantial enhancements to the CSLP were announced in the 2004 Budget. These changes came into effect for the 2005-06 loan year; therefore, the impact of these enhancements are not reflected in this report. The announcement included the following:

- The federal loan limit was increased from $165 to $210 per week of study.
- The Program reduced the amount parents from middle-income families are expected to contribute to post-secondary education. Students from middle-income families will have access to additional financial support of up to $2,550 per family to pursue their studies.
- Computer costs will be included as part of eligible costs for books and supplies.
- A new Canada Access Grant for Students from Low-income Families was introduced to assist first-time, first-year borrowers from low-income families.
- A new Canada Access Grant for Students with Permanent Disabilities was introduced to provide eligible borrowers with a grant of up to $2,000 to reduce barriers associated with disabilities. Effective August 1, 2005, this replaced the Canada Study Grant for High-need Students with Permanent Disabilities. In addition, students with a permanent disability

may be eligible for a Canada Study Grant of up to $8,000 per loan year to help cover exceptional education-related costs associated with their disabilities.

- The income thresholds used to determine eligibility for interest relief were increased by 5% and the maximum debt reduction in repayment available was increased from $20,000 to $26,000.
- Administrative fees paid to participating jurisdictions were increased.

Other program enhancements made in the 2005 Budget

- Effective June 29, 2005, eligibility for loan forgiveness due to death and permanent disability was extended.

Managing Risk

The CSLP has undergone numerous changes. However, HRSDC continues to ensure that the Program and its portfolio are sensitive to risks.

The CSLP identified six key areas where risks must be minimized. They include the following:

- portfolio performance;
- securing a new contract with the selected service provider;
- client satisfaction with service delivery;
- sustaining relationships with provinces and territories;
- support from delivery partners from Human Resources and Social Development Canada;[4] and,
- human resources and capacity.

Mitigating strategies were identified for each of the six areas and were integrated into a risk management action plan for implementation in 2004-05 and the coming years. Two notable strategies were highlighted in the action plan: designation of educational institutions and financial audits.

For example, a Pan-Canadian Designation Policy Framework was developed to guide each province or territory in developing its own designation policies to protect students' and taxpayers' investment. As well, numerous financial audits and verifications were conducted by the CSLP to ensure proper program delivery and the integrity of financial statements.

DEMOGRAPHIC PROFILE OF CANADA STUDENT LOAN BORROWERS

In the 2004-05 loan year:

- Full-time Canada Student Loan borrowers were more likely to be single (84.5%) than married (9.2%). Most part-time borrowers were also single (70.4%), while 18% were married. Students who were separated, divorced, or widowed or those who gave no response to this question represented 6.3% of full-time and 11.6% of part-time borrowers.
- Of full-time borrowers, 46.9% (158,171) were aged 21 and under, 29.8% (100,423) were between 22 and 25, 10.4% (35,193) were between 26 and 29, and 12.9% (43,469) were 30 or older.
- The number of women borrowers was higher than the number of men. Women comprised 60% of the full-time borrowers portfolio, while men comprised 40%. Of part-time borrowers, 67.9% were women and 32.7% were men.
- Most full-time borrowers (56.2%) were enrolled in undergraduate programs, and 39.4% were enrolled in programs issuing certificates (or non-degree-granting programs) at private institutions, colleges or universities. The remaining 4.3% were master's or doctoral students. A total of 43.3% of part-time borrowers were enrolled in undergraduate programs, 53.6% were enrolled in non-degree-granting programs and only 2.9% were master's and doctoral students.

Women comprised 60% of the full-time borrowers portfolio, while men comprised 40%. Of part-time borrowers, 67.9% were women and 32.7% were men

[4] In January 2006, the Prime Minister announced the amalgamation of the Department of Human Resources and Skills Development Canada and Social Development Canada into one organization: Human Resources and Social Development Canada.

- A total of 88.7% of all full-time borrowers remained in their home province or territory to study, while 11.3% (38,136) studied outside their home province or territory.

CANADA STUDENT LOAN DISBURSEMENTS

Full-Time Loans

In the 2004-05 loan year:

- The CSLP provided loans to 40.3% of all full-time post-secondary students. Of the 836,000 post-secondary students in participating Canada Student Loan jurisdictions, the CSLP provided loans to 337,256 full-time students for a total of $1.6 billion.
- Approximately 455,000 borrowers received in-study interest subsidies, whereby the Government of Canada provided interest subsidies totalling $180 million.
- Each full-time borrower received an average loan of $4,829.
- Close to half of all borrowers (49.6%) were from Ontario, which had an increase of 4.5% in the number of borrowers since the 2003-04 loan year. British Columbia had the second highest percentage of borrowers (17.7%).
- The proportion of full-time borrowers attending university and college remained relatively stable compared to 2003-04, at 56.3% and 32.8% respectively.

Part-Time Loans

In the 2004-05 loan year:

- A total of $4.6 million was disbursed to 2,572 part-time borrowers, who account for less than 1% of the total borrower population.
- Alberta continued to have the highest percentage of all Canadian part-time borrowers (36.2%), followed by Ontario at 26.4%.
- A total of 50% of all part-time borrowers attended university, 39.5% attended college and 10.5% attended a private institution.

Canada Study Grants

Canada Study Grants (CSGs) provide non-repayable assistance to eligible Canada Student Loan borrowers who are students with dependants, students with permanent disabilities, high-need students with permanent disabilities, high-need part-time students and females pursuing doctoral studies.

In the 2004-05 loan year:

- Approximately $83.9 million in CSGs were given to 53,404 borrowers.
- Approximately 15.7% of all borrowers received a CSG.
- The majority (72.7%) of CSGs were issued to borrowers with dependants, totalling $57.6 million.
- A total of $17.4 million in CSGs for Students with Permanent Disabilities was given to 7,470 borrowers, accounting for 14% of all CSGs issued.
- A total of 2,914 CSGs for High-Need Students with Permanent Disabilities were issued with a total value of $4.6 million, accounting for 5.4% of all CSGs.
- CSGs for High-Need Part-Time Students were issued to 3,977 part-time borrowers for a total of $3.6 million, accounting for 7.4% of all CSGs.
- CSGs for Females Pursuing Doctoral Studies were issued to 236 borrowers for a total of $673,270.

MANAGING THE REPAYMENT OF LOANS

Once full-time borrowers have finished their studies, interest begins to accumulate immediately on their loan, but no payments are required until six months after they have completed school.

Average Canada Student Loan Indebtedness

Indebtedness refers to the amount a borrower owes the CSLP upon entering repayment. Note that students may also owe money on provincial or territorial student loans. In the 2004-05 loan year:

- Borrowers owed the CSLP an average of $11,051 once they finished or left their studies.
- Approximately 43% of borrowers in repayment owed the CSLP over $10,000.

- Prince Edward Island and Nova Scotia had the largest increases in amount owing compared to the previous loan year ($1,187 and $926 respectively). Ontario and Alberta had the smallest increases ($137 and $396 respectively).
- University borrowers owed an average of $14,342 upon finishing school, whereas college borrowers owed an average of $8,845. The average debt for private institution borrowers increased by $200 from $8,131 in 2003-04 to $8,331 in 2004-05.
- Borrowers aged 30 and over had slightly less debt ($13,055) than borrowers aged 26 to 29 ($14,010). Borrowers aged 22 to 25 owed an average of $10,439, and those 21 and under owed an average of $5,704.
- On average, women owed $494 more than men, however, the average amount owing increased for both men and women compared to the 2003-04 loan year. Women owed $11,257 and men owed $10,763, an increase of $445 and $371 respectively since 2003-04.

Interest Relief

Borrowers receiving Interest Relief (IR) are not required to make any interest or principal payments on their Canada Student Loan for periods of six months at a time. In the 2004-05 loan year:

- The number of IR recipients continued to decline, from 117,520 in 2003-04 to 108,188 in 2004-05.
- The cost of IR also decreased from $71.6 million in 2003-04 to $64.8 million in 2004-05.
- A total of 41.6% of all IR recipients attended university (45,017), 36.9% attended college and 21.1% attended a private institution.
- The largest group of borrowers receiving Interest Relief were those aged 30 and older (36.9%), followed by borrowers aged 22 to 25 at 29.9%.

Debt Reduction in Repayment

Debt Reduction in Repayment (DRR) reduces the principal of a borrower's Canada Student Loan and reduces monthly loan payments to an affordable level that is based on income. In the 2004-05 loan year, 5,029 Canada Student Loan borrowers benefited from DRR, at a total cost of $36.1 million.

PROGRAM RESULTS

The objectives of the CSLP extend beyond distributing loans and grants to students. The direct financing regime is designed to maintain the government's commitment to accessibility, making the loan experience a positive one, ensuring awareness, and measuring performance, integrity and accountability.

Commitment to Accessibility

To measure the program's impact on accessibility, the CSLP conducted a tracking survey of youth between the ages of 17 and 30 who may or may not have enrolled in post-secondary studies.[5] The survey showed the following:

- A total of 21% of youth currently enrolled in post-secondary studies received a Government Student Loan (GSL)[6] for their current year of study.
- Thirty-three percent (33%) of loan holders would have delayed their studies and an additional 24% would have stopped school completely had they not received a loan.
- Of those who were not enrolled in a post-secondary institution, 12% stated that the inability to receive a government student loan was a barrier to enrolling in post-secondary studies.

A Positive Loan Experience

The CSLP also conducted a survey of borrowers to assess their experience and satisfaction with their loan. The results showed that satisfaction increased compared to 2004. Overall, 70% of clients were satisfied with the quality of the service provided by the National Student Loans Service Centre (NSLSC), up from 60% last year.

Overall, 70% of clients were satisfied with the quality of the service provided by the National Student Loans Service Centre (NSLSC), up from 60% last year

[5] Createc+: *Special Investment Fund – 2005 SIF Omnibus Survey* (June 2005).

[6] Government Student Loans refer to federal, provincial and territorial government student loans.

A strong predictor of satisfaction is whether borrowers receive their payment in time to pay tuition fees without penalty. Borrowers who received their loan on time were more than twice as likely to say they were satisfied with the length of time they waited for payment.

Increased Awareness

Awareness of and Familiarity with the Canada Student Loans Program

To increase access to post-secondary education, youth must be aware of and familiar with programs and services available to assist them in paying for their education.

A survey conducted by the CSLP of youth between the ages of 17 and 30[7] asked respondents various questions relating to their awareness of and familiarity with the CSLP. A total of 62% of respondents were aware of the CSLP.

CanLearn Web site

The CanLearn Web site (**www.canlearn.ca**) provides information on the Canada Student Loan Program. In 2004-05, the site was showcased at 17 education-related events nationally, and approximately 50,000 CanLearn brochures were distributed to over 3,000 high schools across Canada.

A general population survey of Canadian youth conducted in 2004-05 showed that 49% looked for post-secondary information within a one-year period. Forty-four percent (44%) used the Internet to look for information related to post-secondary education (PSE). Of these, 11% visited the CanLearn/NSLSC Web site, and 22% visited a provincial Web site.[8]

Canada Student Loan Defaults

Directly financed Canada Student Loans are deemed to be in default when payments are in arrears for more than 270 days. The overall anticipated three-year direct loan default rate across Canada in the 2004-05 loan year was a forecasted 25.4% — a 5% decrease since the 2003-04 loan year.

The forecasted default rate was 18.3% for borrowers who attended university, 25.5% for borrowers who attended college, and 45.1% for those attending a private institution.

Studies conducted by the CSLP suggest that many problems can contribute to default in repaying a Canada Student Loan, including the complexity of the program and limited knowledge and understanding of repayment assistance measures.

Default Prevention – The Pre-Consolidation Counselling Program

Under the Pre-Consolidation Program (PCP), medium- to high-risk borrowers were contacted by telephone and provided with information on repayment terms and repayment assistance programs, if required. Focus groups were conducted to assess the PCP's effectiveness. Prior to the call, participants felt they had limited knowledge about the types of repayment assistance available. The call received positive feedback overall. Participants felt the call confirmed and clarified basic loan information, such as payment amounts and due dates, and reminded borrowers of repayment obligations.

The CanLearn Web site (www.canlearn.ca) provides information on the Canada Student Loan Program

[7] Createc+: *Special Investment Fund – 2005 SIF Omnibus Survey* (June 2005).

[8] Createc+: *Special Investment Fund – 2005 SIF Omnibus Survey* (June 2005).

Chapter 1
Introduction

INTRODUCTION

The Annual Report for the Canada Student Loans Program (CSLP) informs Parliament and Canadians of the CSLP's performance for the 2004-2005 loan year (August 1, 2004 to July 31, 2005) and provides detailed financial information for the 2004-2005 fiscal year (April 1, 2004 to March 31, 2005).

This report is neither a policy document nor a research paper, but is a summary of significant program activities that informs readers of the state of the CSLP. It is also important to note that all data in this report represent **only the federal share** of a student loan. Students may have provincial loans and grants as well.

The report first provides background information on the CSLP, including roles and responsibilities, program logic, external factors that influence the operations of the Program, and the enhancements made to the CSLP in the 2004-2005 loan year.

The report then examines the demographics of Canada Student Loan borrowers and outlines the overall performance of the Canada Student Loan portfolio for the 2004-2005 loan year, including information on loan and grant disbursements, and the repayment portfolio.

The final section examines the expenditures for the CSLP.

Chapter 2
Background

2. BACKGROUND

Since 1964, the Canada Student Loans Program (CSLP) has reduced financial barriers to post-secondary education by providing loans and grants to post-secondary students with demonstrated financial need.

This section examines the background of the Canada Student Loan regimes, the current roles and responsibilities associated with administering the CSLP and the Program's logic. This section also looks at external factors affecting the loan environment, enhancements to the CSLP in the 2004-2005 loan year and finally how the CSLP manages risk.

A. CANADA STUDENT LOAN REGIMES

Prior to providing loans to students under the direct loan regime, the Canada Student Loans Program (CSLP) provided loans under the guaranteed[9] and risk-shared regimes.[10] Since August 1, 2000, the Government of Canada has directly financed federal student loans to borrowers. As such, the total portfolio for the CSLP includes all three methods of administering loans to borrowers: the guaranteed, risk-shared and direct loans regimes.

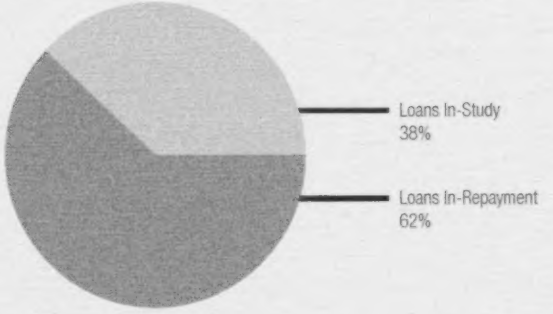
As no new loans are being disbursed under the guaranteed and risk-shared loan regimes, the number of direct loans will continue to increase, while guaranteed and risk-shared loans will continue to decrease.[11] Guaranteed loans are expected to be phased out within the next 12 years, while risk-shared loans are expected to be phased out within the next 16 years.[12]

Since the risk-shared and the guaranteed loan regimes have yet to be phased out, it is possible for a borrower to hold a Canada Student Loan from a combination of these loans. Consequently, borrowers could have separate payments for loans from each regime. Additionally, borrowers holding a Canada Student Loan from a non-integrated province/territory, are also required to make separate loan payments for their provincial/territorial loan and their Canada Student Loan. Research shows that this process is confusing for borrowers and complicates the loan repayment process.

The total value of the CSLP portfolio for all in-study[13] and in-repayment[14] loans (including guaranteed, risk-shared and direct loans) was $10.6 billion as of March 31, 2005, representing a $13.7 million increase since March 31, 2004.

A total of $4.1 billion (38%) of these loans belonged to in-study borrowers and $6.5 billion (62%) belonged to borrowers repaying their loan. **Graph 1** illustrates the total Canada Student Loan portfolio for loans in-study and in-repayment for the guaranteed, risk-shared and direct loan regimes as of March 31, 2005.

Graph 1 – CSLP Loan Portfolio as of March 31, 2005



9 Between 1964 and 1994, financial assistance was provided to students through banks and credit unions in the form of 100% government-guaranteed loans.

10 In 1995, the *Canada Student Financial Assistance Act* (CSFAA) was enacted to allow for a risk-sharing arrangement between the federal government and participating financial institutions. Participating financial institutions were paid 5% of the value of the loans that went into repayment to compensate for defaults. Recovery of loans became the full responsibility of financial institutions.

11 Any one borrower may hold one or more types of loans.

12 Office of the Chief Actuary. *Actuarial Report of the Canada Student Loans Program as at 31 July 2004*.

13 "In-study" refers to borrowers who are still attending a post-secondary institution and who have not yet begun repaying their Canada Student Loan. This includes borrowers within six months of finishing school (grace period).

14 "In-repayment" refers to borrowers who have completed post-secondary studies and who have begun payments on their Canada Student Loan(s). This includes borrowers on Interest Relief and Debt Reduction in Repayment.

In-Study Loans

In-study loans under the guaranteed and risk-shared regimes continued to decrease between March 31, 2004 and March 31, 2005, by $19.4 million and $191.7 million respectively. Guaranteed loans accounted for less than 1% of all in-study loans, while 9.6% of all in-study loans belonged to the risk-shared regime at March 31, 2005.

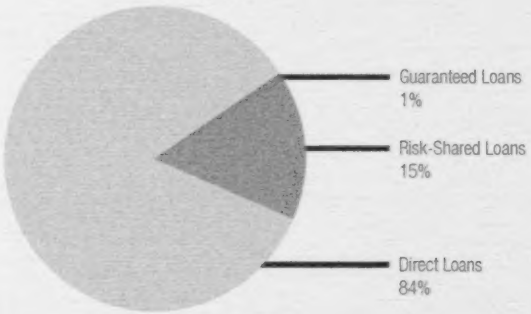
Unlike guaranteed and risk-shared loans, the value of in-study direct loans will continue to increase. In-study direct loans accounted for 89% ($3.6 billion) of all in-study loans as of March 31, 2005, up from 84% at March 31, 2004. The value of in-study direct loans increased by $306 million during that period. See **Appendix A** for further detail.

Loans In-Repayment

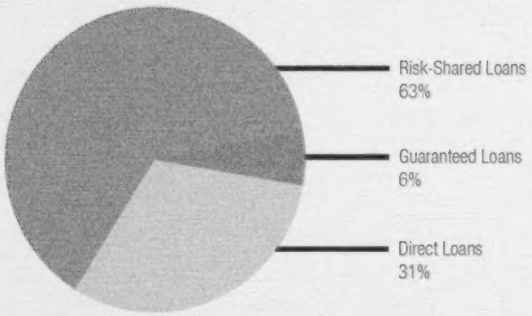
Loans in-repayment from the guaranteed and risk-shared regimes decreased since March 31, 2004, by 24% ($99 million) and 12% ($505.6 million) respectively. These loans will continue to diminish in value as the guaranteed and risk-shared portfolios continue to be phased out (**Graph 3**).

Direct loans that were in-repayment increased by 20.1% ($523.5 million) compared to March 31, 2004. On March 31, 2004, direct loans that were in-repayment accounted for 31.4% ($2,079.2 million) of all loans in-repayment and increased to 39.8% ($2,602.7 million) of all loans in-repayment by March 31, 2005. See **Appendix A** for further detail.

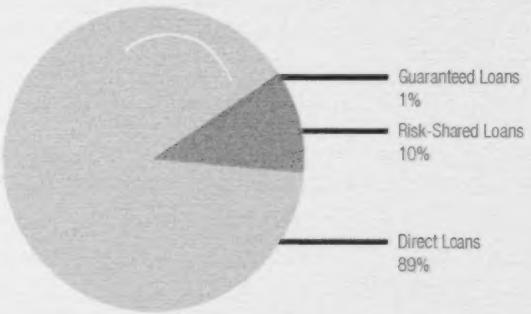
Graph 2 – In-Study Loans as of March 31, 2004



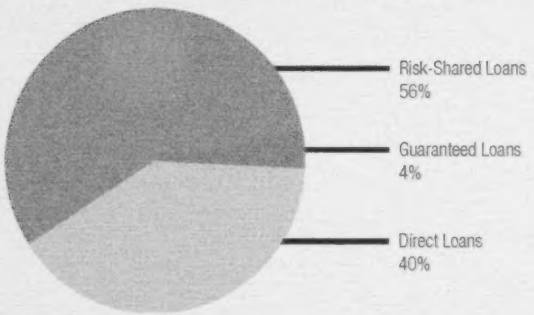
Graph 3 – Loans In-Repayment as of March 31, 2004



In-Study Loans as of March 31, 2005



Loans In-Repayment as of March 31, 2005



B. ROLES AND RESPONSIBILITIES

The Canada Student Loans Program (CSLP) is a complex program that works with numerous partners to effectively deliver loans and grants to students. Delivery partners include participating provinces, the Yukon Territory, two service providers, Public Works and Government Services Canada, Human Resources and Skills Development Canada,[15] Service Canada, and the Canada Revenue Agency.

Each participating province determines whether a student is eligible for a Canada Student Loan (CSL) based on demonstrated financial need. Resources such as assets, spousal contributions and parental contributions are assessed against expenses such as tuition, books, supplies, living allowances, transportation and child care to determine eligibility. The cost of post-secondary education is also directly related to a student's choice of post-secondary institution, program of study, tuition fees and the cost of living away from home. Provinces also administer their own student financial assistance programs, process loan applications and determine eligibility for Canada Study Grants.

The funding of a borrower's loan is shared by federal and provincial/territorial governments. The Government of Canada funds 60% of a borrower's loan, up to a maximum of $165[16] per week of study, while provincial and territorial governments fund the remaining 40%. Quebec, Nunavut and the Northwest Territories do not participate in the CSLP, but receive alternative payments from the Government of Canada, instead of direct funding, to operate their own student financial assistance programs.

In addition to working with provinces and territories, the CSLP works with service providers who assist in the delivery and management of loans. Since August 1, 2000, the Government of Canada has directly financed federal student loans to borrowers. The CSLP has contracted two service providers to manage loans on behalf of the Program. In order to customize the services to meet the needs of borrowers, the portfolio has been split to serve public and private institutions. These service providers operate under the name of the National Student Loans Service Centre (NSLSC) and manage borrower accounts on behalf of the CSLP.

C. PROGRAM ACTIVITIES AND LOGIC

The main activity of the Canada Student Loans Program (CSLP) is to deliver loans and grants to students with demonstrated financial need in order to reduce financial barriers to post-secondary education. By reducing these barriers, the CSLP hopes to increase participation in, and completion of, post-secondary education. To help ensure these outcomes, the CSLP also offers features such as Canada Study Grants (CSGs), in-study interest subsidies, and debt management measures to borrowers. These features make the CSLP unique, since private lending institutions do not offer services to help reduce the financial burden placed on post-secondary students.

While borrowers are in school, payments are not required on their loan and the loan remains interest-free, which allows borrowers to concentrate on completing their studies without the burden of immediate repayment of loans. Ultimately, completion of post-secondary studies should result in better employment opportunities and a strengthened ability to participate in the Canadian economy and society.

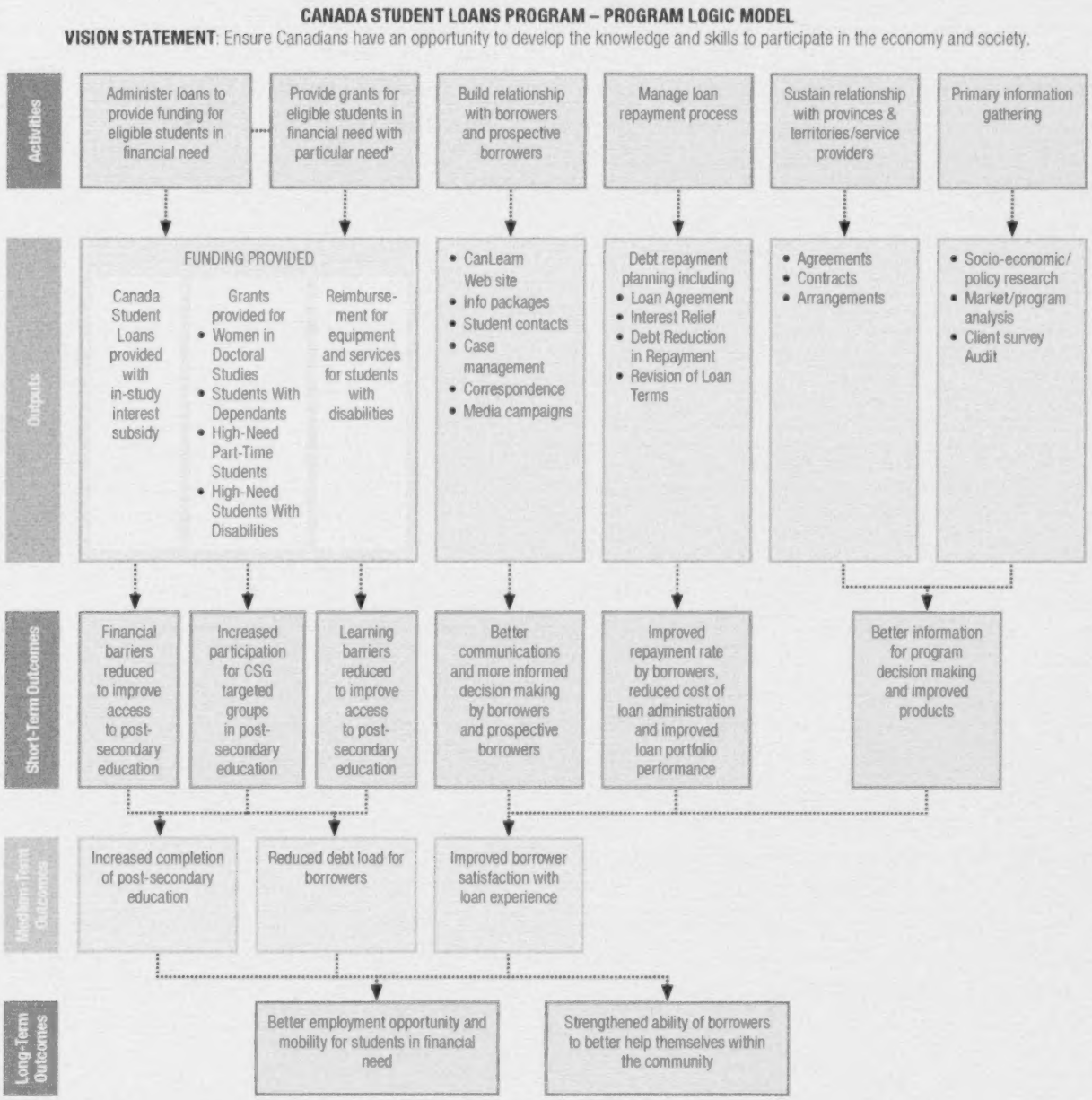
The CSLP continually monitors and seeks feedback from borrowers on programs and services. For most borrowers, it is their first experience with a loan and therefore they require additional assistance in planning for repayment and understanding the repayment process and assistance programs such as Interest Relief, Debt Reduction in Repayment, and Revision of Terms. The CSLP's approach to continuous improvement is intended to ensure services are delivered in a timely, professional, and courteous manner.

Working groups have been set up in an effort to constantly improve service to borrowers. The CSLP co-chairs the Intergovernmental Consultative Committee on Student Financial Assistance (ICCSFA). ICCSFA is a federal/provincial/territorial forum that pursues ongoing consultations on policy and program development. It is composed of representatives from the federal, provincial and territorial departments responsible for student financial assistance, who meet at least twice a year to discuss basic administrative criteria and co-ordinate their

[15] In January 2006, the Prime Minister announced the amalgamation of the Department of Human Resources and Skills Development Canada and Social Development Canada into one organization: Human Resources and Social Development Canada.

[16] As a result of enhancements to the 2004 Budget, the weekly loan limit was increased from $165 to $210 on August 1, 2005.

Figure 1 – Canada Student Loans Program Logic Model


CANADA STUDENT LOANS PROGRAM – PROGRAM LOGIC MODEL
VISION STATEMENT: Ensure Canadians have an opportunity to develop the knowledge and skills to participate in the economy and society.
Activities
Administer loans to provide funding for eligible students in financial need
Provide grants for eligible students in financial need with particular need*
Build relationship with borrowers and prospective borrowers
Manage loan repayment process
Sustain relationship with provinces & territories/service providers
Primary information gathering
Outputs
FUNDING PROVIDED
Canada Student Loans provided with in-study interest subsidy
Grants provided for
• Women in Doctoral Studies
• Students With Dependants
• High-Need Part-Time Students
• High-Need Students With Disabilities
Reimburse-ment for equipment and services for students with disabilities
• CanLearn Web site
• Info packages
• Student contacts
• Case management
• Correspondence
• Media campaigns
Debt repayment planning including
• Loan Agreement
• Interest Relief
• Debt Reduction in Repayment
• Revision of Loan Terms
• Agreements
• Contracts
• Arrangements
• Socio-economic/ policy research
• Market/program analysis
• Client survey Audit
Short-Term Outcomes
Financial barriers reduced to improve access to post-secondary education
Increased participation for CSG targeted groups in post-secondary education
Learning barriers reduced to improve access to post-secondary education
Better communications and more informed decision making by borrowers and prospective borrowers
Improved repayment rate by borrowers, reduced cost of loan administration and improved loan portfolio performance
Better information for program decision making and improved products
Medium-Term Outcomes
Increased completion of post-secondary education
Reduced debt load for borrowers
Improved borrower satisfaction with loan experience
Long-Term Outcomes
Better employment opportunity and mobility for students in financial need
Strengthened ability of borrowers to better help themselves within the community

* Canada Study Grants target Students With Disabilities; Students With Dependants; High-Need Part-Time Students and Women in Doctoral Studies.

respective programs and policies. In addition, ICCSFA establishes federal/provincial/territorial working groups to deal with specific issues pertaining to student financial assistance.

The CSLP also consults with stakeholder groups through the National Advisory Group on Student Financial Assistance (NAGSFA), which gives student associations, educational organizations and student financial aid administrators a way to let government know their views on the policies and practices of federal student financial assistance. NAGSFA meets twice a year to discuss specific issues and to provide input on policy development and program delivery.

The CSLP continuously works to improve the loan experience for borrowers. One means of doing so is by integrating federal, provincial and territorial student loans. Integration simplifies and streamlines the student loan application and repayment processes by using a common administrative platform. In the provinces where Integration Agreements exist, students have only one student loan certificate and one direct student loan, and they make one single payment on their direct student loan debt.[17] In 2001, Ontario and Saskatchewan signed Integration Agreements with the CSLP. Newfoundland and Labrador signed a similar Integration Agreement with the CSLP in February 2004, and in May 2005, New Brunswick signed an Integration Agreement with the CSLP.

While delivering loans and grants is the major activity of the CSLP, it is also important to further build a good relationship with borrowers and prospective borrowers. The CSLP develops communication strategies and products such as the CanLearn Web site (www.canlearn.ca) and information guides to help borrowers make more informed post-secondary financing decisions.

The remainder of the report will look at the CSLP's activities in further detail.

D. EXTERNAL FACTORS INFLUENCING PERFORMANCE

The Canada Student Loans Program (CSLP) does not operate in an isolated environment. Many factors can affect both post-secondary enrolment and the delivery and outcome of the CSLP.

The economy influences the need for student financial assistance and the decision to enrol in a post-secondary institution or enter the labour force. In a weak economy, students may extend the duration of their studies if jobs are scarce, however, in a thriving economy, students may be more willing to enter the labour market due to the availability of jobs and tempting salaries.

Another factor affecting access to post-secondary enrolment is location, cost and availability of programs. For instance, those living in rural areas may need to move to attend post-secondary school due to the lack of post-secondary choices in their area. The cost of moving to attend school is a factor in whether a student pursues studies.

Participation in post-secondary education in Canada continues to increase. This may be due to overall population growth and immigration. Furthermore, people are increasingly returning to post-secondary studies to upgrade their skills or to pursue a career change. As such, participation rates have increased as a result of students returning to school.

Other Government Student Financial Assistance Measures

Financially assisting those who want to pursue post-secondary education is the joint responsibility of governments, students and students' families. The CSLP is the largest program offering student financial assistance to Canadians, but it is only one program among many federal, provincial and territorial programs who encourage and support Canadians in pursuing post-secondary education. Other federal initiatives aimed at increasing access to post-secondary education by reducing financial and social barriers include the following:

[17] Borrowers are still responsible for managing their guaranteed or risk-shared loans, as the procedures are not the same as for direct loans.

- The Canada Social Transfer (CST) is a federal block transfer to provinces and territories in support of post-secondary education, social assistance and social services.
- The Canada Millennium Scholarship Foundation was created by the federal government in order to provide a range of bursaries, awards and scholarships to improve access to Canadian post-secondary education. Since 2000, the Foundation has distributed more than $1.5 billion in funding to more than half a million students across Canada
- Indian and Northern Affairs Canada (INAC) assists post-secondary Aboriginal and Inuit students with the costs of tuition, books and travel, and provides living allowances, through the Post-Secondary Student Support Program (PSSSP) and the University College Entrance Preparation Program (UCEPP). Post-secondary institutions also receive support through the Indian Studies Support Program (ISSP) to develop and deliver special programs for Aboriginal people.
- The Canada Education Savings Grant (CESG) encourages Canadians to save for their children's post-secondary education by awarding grants to beneficiaries of Registered Education Savings Plans.
- Tax relief is available to all individuals with federal and provincial or territorial loans, through a federal tax credit on the annual interest portion of their student loan payments.
- The education tax credit provides up to $400 per month for full-time students and $120 per month for part-time students helps to offset education expenses. These changes provide tax relief to more than 65,000 Canadians who are upgrading their skills and give them access to the same tax benefits available to other post-secondary students.
- The Official Languages in Education Program provides provinces and territories with financial assistance for minority-language education and for second-language instruction.
- The Employment Insurance Program provides income support for apprentices during periods of classroom training.

In addition to administering Canada Student Loans to borrowers, provincial and territorial partners also offer loans, grants, scholarships and remission programs to support access to post-secondary education.

E. PROGRAM ENHANCEMENTS IN THE 2004-2005 LOAN YEAR

Integration of Canada Student Loans and New Brunswick Student Loans

On May 1, 2005, New Brunswick signed a student loan Integration Agreement with the Government of Canada. Integrated federal and provincial student loans provide first-time borrowers with the benefit of one application, one need assessment, one loan certificate and one loan agreement form, and provides borrowers with a common repayment assistance measure. As a result, these borrowers have one student debt and make a single payment when repaying their student loans. As well, borrowers in integrated provinces need to apply only once to both federal and provincial Interest Relief programs if they have difficulty repaying their loans.

The 2004 Federal Budget

The 2004 Federal Budget recognized that learning is a cornerstone of Canada's economic and social development and that support must thus be given to those pursuing post-secondary education. Substantial enhancements to the Canada Student Loans Program (CSLP) were announced in the 2004 Budget to better reflect the true costs of post-secondary education in Canada. These changes will come into effect on August 1, 2005, for the 2005-2006 loan year. Therefore, the impact of these enhancements will not be reflected in this report. Enhancements included the following.

Increased Weekly Loan Limits – The federal loan limit was increased from $165 to $210 per week of study to provide additional funding to students. This increase better responds to the rising cost of post-secondary education by decreasing financial barriers to help meet the unfunded needs of students and reducing the reliance on private borrowing.

Reduced Parental Contributions – More students from middle-income families will now be eligible for student loans as the amount parents are expected to contribute was reduced.

Computer Costs – Computer costs were included as part of eligible costs for books and supplies.

A New Canada Access Grant for Students from Low-Income Families – This new grant assists first-time, first-year borrowers from low-income families. Eligible borrowers receive a grant of up to 50% of their first-year tuition costs up to $3,000. The grant is intended for students whose parental income falls within the range of entitlement to the National Child Benefit Supplement.

A New Canada Access Grant for Students with Permanent Disabilities – This grant provides eligible borrowers with a grant of up to $2,000 to reduce barriers associated with disabilities. This grant replaces the existing Canada Study Grant for High-Need Students with Permanent Disabilities that was only available to students with disabilities whose financial need exceeded the weekly loan limit.

Improvements to Debt Management Measures – To help borrowers better manage their debt, income thresholds used to determine eligibility for Interest Relief was increased by 5% and the maximum Debt Reduction in Repayment available was increased from $20,000 to $26,000.

Increase in Administrative Fees Paid to Participating Jurisdictions – This increase is aimed at compensating provinces/territories for a portion of the costs associated with the delivery of certain aspects of the CSLP.

The 2005 Budget

Extending Eligibility for Loan Forgiveness for Death and Permanent Disability – Previously, borrowers with direct loans could receive loan forgiveness due to a permanent disability or in the event of their death, only if the disability occurred prior to the beginning of the seventh month after the borrower finished school. Effective June 29, 2005, the *Canada Student Financial Assistance Act* was amended to provide equitable and compassionate treatment for all Canada Student Loan borrowers who received a loan under the direct loan regime, regardless of when the borrower's disability or death occurred.

F. MANAGING RISK

In recent years, the Canada Student Loans Program (CSLP) has undergone numerous changes which prompted the introduction of new management and accountability approaches. A part of this new approach is ensuring that the CSLP and its portfolio are sensitive to risks.

The most recent assessment for this reporting year identified six risk areas in which risks could potentially have the most significant impact. They include the following:

- portfolio performance;
- securing a new contract with the selected service provider;
- client satisfaction with service delivery;
- sustaining relationships with provinces and territories;
- support from delivery partners from Human Resources and Skills Development Canada;[18] and
- human resources and capacity.

Mitigating strategies were identified for each area and were integrated into a risk management action plan for implementation in 2004-2005 and the coming years. Two notable strategies were highlighted – designation of educational institutions and financial audits.

Designation of Educational Institutions

Under the *Canada Student Financial Assistance Act*, the provinces and territory are responsible for deeming which educational institutions are eligible to administer government student financial assistance. Only students attending a designated educational institution are eligible to receive a Canada Student Loan.

In collaboration with provinces and territories, the CSLP developed a Pan-Canadian Designation Policy Framework based on best practices and financial risk models. This framework guides each province or territory in developing its own designation policies while re-emphasizing the fundamental purpose of government student loan programs – to increase access to post-secondary education.

[18] In January 2006, the Prime Minister announced the amalgamation of the Department of Human Resources and Skills Development Canada and Social Development Canada into one organization: Human Resources and Social Development Canada.

The Pan-Canadian Designation Policy Framework was endorsed by the Council of Ministers of Education of Canada in April 2003 as well as the Minister of Human Resources and Skills Development Canada[19] and was publicly launched on November 17, 2004. This framework was later implemented in the fall of 2004.

Financial Audits

Numerous audits and verifications were conducted by the CSLP to ensure proper program delivery and the integrity of financial statements. Annual attest audits of the direct lending regime and of integrated student loans programs (in collaboration with Ontario, Saskatchewan, and Newfoundland and Labrador) were also conducted. The attest audits include an audit of year-end financial information, service fees paid to the service providers, an audit of specific clauses of the Integration Agreements and an audit of specific internal controls of the service providers.

As well, a series of post-account verifications are performed to ensure that program delivery follows federal guidelines and program requirements. These verifications also ensure that service provider activities are conducted in accordance with federal government guidelines and that service provider activities respond to the requirements of the federal Account Verification Policy and comply with the requirements of the *Financial Administration Act* (FAA).

In 2004-2005, a series of 15 post-account verifications were conducted on a daily, monthly or yearly basis, depending on the type of verification.

[19] Ibid.

Chapter 3
Demographic Profile of Canada Student Loan Borrowers

3. DEMOGRAPHIC PROFILE OF CANADA STUDENT LOAN BORROWERS

It is critical for the Canada Student Loans Program (CSLP) to understand post-secondary students in order to tailor services to the needs of borrowers. The marital status, age, gender, study level, institution choice, and where students go to study all provide insight into the types of students receiving Canada Student Loans.

Responding more effectively to the needs of borrowers will increase satisfaction with service delivery, help facilitate access to post-secondary education and contribute to improved repayment of loans.

The following provides the general demographics of Canada Student Loan borrowers. Generally, most borrowers are women, single, under the age of 25, enrolled in undergraduate university programs and study in Ontario.

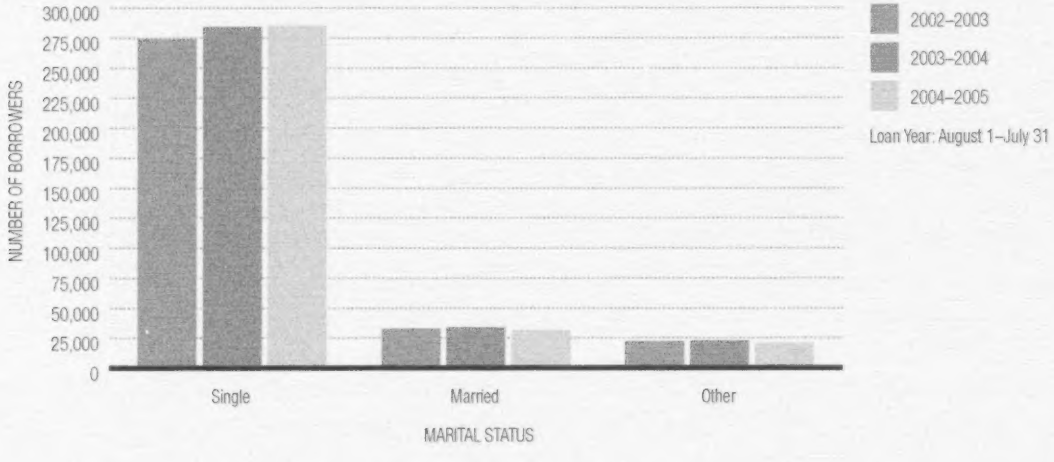
A. BORROWERS BY MARITAL STATUS

Full-time Canada Student Loan borrowers were more likely to be single (84.5%) than married[20] (9.2%) in the 2004-2005 loan year (**Graph 4**). Of the 337,256 full-time borrowers, 285,065 were single and 31,263 were married.

Most part-time borrowers were also single (70.4%), lower than the percentage of single full-time borrowers. In the 2004-2005 loan year, 18.0% (462) of all part-time borrowers were married.

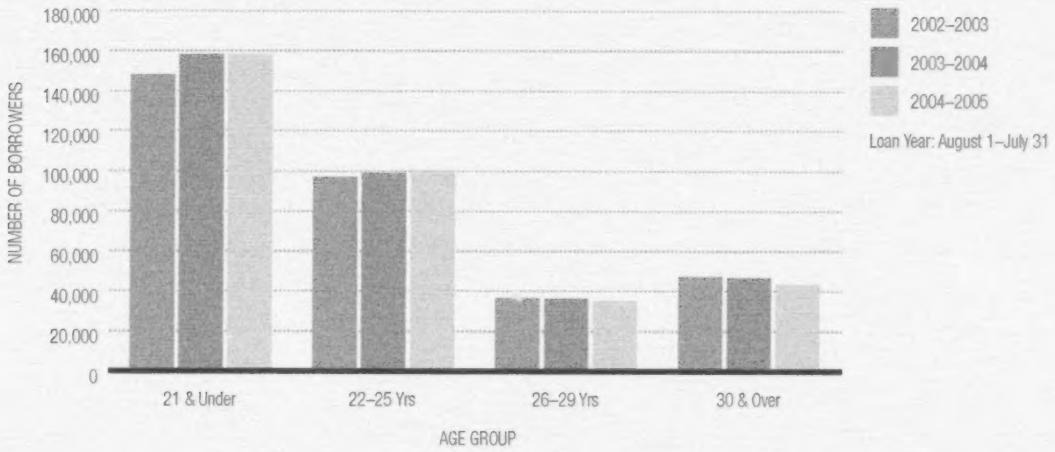
Part-time borrowers who were married had an average loan of $1,920, while married full-time borrowers had an average loan of $5,405 in the 2004-2005 loan year (**Appendix B**).

Graph 4 – Marital Status of Full-Time Borrowers



[20] The married category includes those who are common-law.

Graph 5 – Full-Time Borrowers by Age



B. BORROWERS BY AGE

Graph 5 shows that in the 2004-2005 loan year, there were modest changes in the number of full-time borrowers in most age categories.

The majority of students enter post-secondary school upon completing high-school. Consequently, the majority of Canada Student Loan borrowers continued to be under the age of 25. Of full-time borrowers, 46.9% (158,171) were 21 and under, and 29.8% (100,423) were between the ages of 22 and 25. Only 10.4% (35,193) of full-time borrowers were between the ages of 26 and 29, and those 30 and over accounted for 12.9% (43,469) of all CSL borrowers.

The average loan amount for full-time borrowers increased with age. Full-time borrowers 30 years old and over had an average loan of $5,511, while those 21 and under had an average loan of $4,372. This variation can be explained by several factors. Older borrowers tend to be classified as independents, so their parents' income is not considered as a resource, while younger borrowers are more likely to be classified as dependants, so the amount of their loan could be reduced by their expected parental contributions. Second, older borrowers tend to be enrolled in graduate-level studies, where tuition fees and other expenses are higher. Third, older borrowers tend to live away from home more than younger borrowers, and therefore receive higher loans to cover living expenses. Lastly, older borrowers are more likely to have children and therefore would have higher expenses and larger loans.

Unlike full-time borrowers, more part-time borrowers were aged 30 and over. Approximately 33.1% (851) of part-time borrowers were over the age of 30, while 27.6% (711) were 21 and under. The average loan amount per part-time borrower was the highest for 26 to 29 year olds ($1,901) and lowest for those 21 and under ($1,760). Appendix C provides further detail.

C. BORROWERS BY GENDER

The number of women receiving full-time Canada Student Loans continued to be higher than the number of men. In the 2004-2005 loan year, women comprised 60.0% of the full-time borrowers portfolio, while men comprised 40.0%. The average full-time loan disbursed to women ($4,882) continued to exceed that of men ($4,751).

Similarly, the number of women receiving part-time Canada Student Loans also exceeded the number of men receiving such loans. Of part-time borrowers, 67.9% were women and 32.7% were men. Unlike the 2003-2004 loan year where the average part-time loan amount was slightly higher for men ($1,679) than it was for women ($1,676) – the average loan amount for women was higher than the amount for men in the 2004-2005 loan year. Part-time women borrowers had an average loan of $1,805, while men borrowed an average of $1,783. **Appendix D** provides further detail.

D. BORROWERS BY STUDY LEVEL

Most full-time borrowers (56.2%) were enrolled in undergraduate programs in the 2004-2005 loan year and 39.4% of full-time borrowers were enrolled in programs issuing certificates (or non-degree-granting programs) at private institutions, colleges or universities. The remaining 4.3% of full-time borrowers were master's or doctoral students (**Graph 6**).

Of note, a survey of youth between the ages of 17 and 30 conducted in 2005 revealed that government student loan holders were less likely to be enrolled in diploma programs than post-secondary students without a loan (34% vs. 43%).

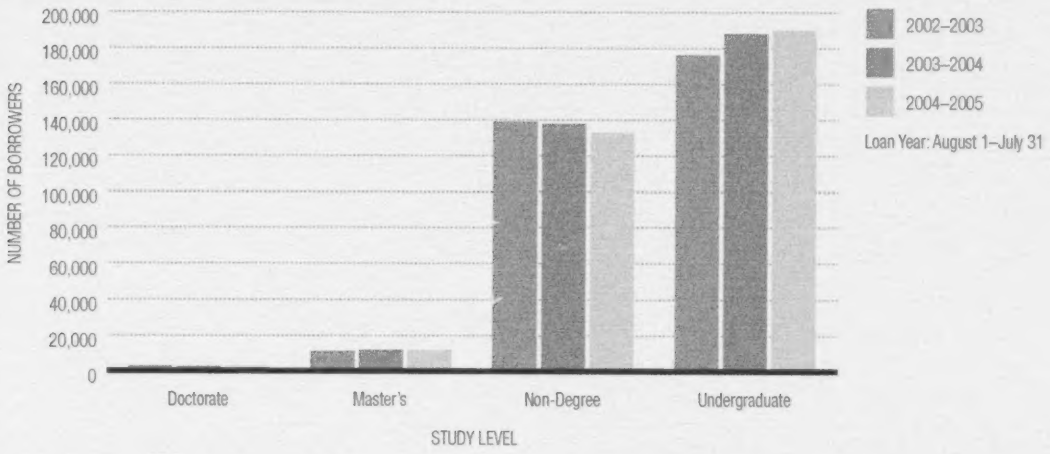
The percentage of part-time borrowers enrolled in undergraduate programs was 43.3%, while part-time borrowers enrolled in non-degree-granting programs accounted for 53.6% of the total part-time portfolio. The number of master's and doctoral part-time borrowers accounted for only 2.9% of part-time borrowers in 2004-2005 (**Appendix E**).

E. MOBILITY: WHERE BORROWERS GO TO STUDY

Canada Student Loans are portable, which gives borrowers the opportunity to study in other provinces and territories. **Table 1** shows that 88.7% of all full-time borrowers remained in their home province or territory to study in the 2004-2005 loan year, while 11.3% (38,136) studied outside their home province or territory. This has remained consistent since the 2002-2003 loan year.

Canada Student Loan borrowers were more likely to move outside their province to study compared to all post-secondary students. A survey conducted by the CSLP[21] showed that 6% of all post-secondary students studied outside of their home province, compared to 11.3% of Canada Student Loan borrowers.

Graph 6 – Full-Time Borrowers by Study Level



[21] Createc+: *Special Investment Fund – 2005 SIF Omnibus Survey* (June 2005).

Table 1 – Borrower Mobility by Province

Provinces & Territories	2002-2003					2003-2004					2004-2005				
	Borrowers Remaining in Their Home Province		Borrowers Moving Outside Their Home Province		Total	Borrowers Remaining in Their Home Province		Borrowers Moving Outside Their Home Province		Total	Borrowers Remaining in Their Home Province		Borrowers Moving Outside Their Home Province		Total
	No. of Borrowers	% of Total	No. of Borrowers	% of Total		No. of Borrowers	% of Total	No. of Borrowers	% of Total		No. of Borrowers	% of Total	No. of Borrowers	% of Total	
N.L.	10,268	81.80%	2,286	18.20%	12,554	9,687	83.90%	1,854	16.10%	11,541	8,793	84.60%	1,602	15.40%	10,395
P.E.I.	1,923	59.40%	1,315	40.60%	3,238	2,060	60.90%	1,325	39.10%	3,385	1,971	60.10%	1,309	39.90%	3,280
N.S.	13,765	81.20%	3,180	18.80%	16,945	13,407	80.30%	3,290	19.70%	16,697	12,775	79.60%	3,269	20.40%	16,044
N.B.	11,910	77.10%	3,529	22.90%	15,439	12,363	77.70%	3,539	22.30%	15,902	11,717	75.90%	3,717	24.10%	15,434
ONT.	139,006	93.80%	9,189	6.20%	148,195	149,957	93.90%	9,727	6.10%	159,684	157,130	93.90%	10,224	6.10%	167,354
MAN.	8,401	84.60%	1,529	15.40%	9,930	8,183	84.80%	1,466	15.20%	9,649	7,798	84.90%	1,382	15.10%	9,180
SASK.	12,243	79.50%	3,149	20.50%	15,392	12,077	79.60%	3,086	20.40%	15,163	11,138	78.80%	2,994	21.20%	14,132
ALTA.	36,644	87.10%	5,408	12.90%	42,052	36,902	86.80%	5,599	13.20%	42,501	35,383	85.40%	6,039	14.60%	41,422
B.C.	57,281	88.10%	7,712	11.90%	64,993	57,556	88.00%	7,869	12.00%	65,425	52,381	87.60%	7,383	12.40%	59,764
Y.T.	30	11.90%	223	88.10%	253	36	14.10%	220	85.90%	256	34	13.50%	217	86.50%	251
Total	**291,471**	**88.60%**	**37,520**	**11.40%**	**328,991**	**302,228**	**88.80%**	**37,975**	**11.20%**	**340,203**	**299,120**	**88.70%**	**38,136**	**11.30%**	**337,256**

Loan Year: August 1–July 31

Ontario borrowers were the most likely (93.9%) to remain in their home province or territory to study, followed by borrowers in British Columbia (87.6%).

The mobility of borrowers in certain provinces and territories may be high because there are few post-secondary institutions and a limited selection of programs in those jurisdictions. As well, borrowers may prefer specific institutions outside their home province or territory. For instance, 86.5% of all Yukon borrowers (217 out of 251) studied outside the territory in 2004-2005. Borrowers from Prince Edward Island remained the second most mobile borrowers in Canada, with 39.9% studying outside their home province.

Table 2 shows that borrowers from the Atlantic provinces who left their home province to study tended to remain in Atlantic Canada or to study in Ontario. Similarly, mobile borrowers in Western Canada tended to stay within Western Canada or attended post-secondary institutions in Ontario.

Of the 6.1% of borrowers from Ontario who attended post-secondary institutions outside their home province, 25.8% studied in the United States, 17.9% pursued studies in Quebec, 13.3% studied in Nova Scotia and 11.3% studied in British Columbia. **Appendix F** provides details on mobility for the 2002-2003 and 2003-2004 loan years.

Mobility by Institution Type

Canada Student Loan borrowers who attended university were the most mobile (14.6%), followed by private institution borrowers at 12.8%. College borrowers were the least mobile, with only 5.2% moving outside their home province or territory to study. These percentages remained stable compared to the 2003-2004 loan year (**Table 3**).

Table 2 – Mobility of Canada Student Loan Borrowers – Province to Province, 2004-2005

Province/Territory of Issue	Province of Study												U.S.A.	Rest of the World	Total
	N.L.	P.E.I.	N.S.	N.B.	ONT.	MAN	SASK.	ALTA.	B.C.	Y.T.	QC	N.W.T.	CANADA			
N.L.	8,793	64	649	245	352	25	10	92	46	*	41	*	10,318	43	32	10,393
P.E.I.	38	1,971	521	427	172	*	*	24	17	*	32	*	3,215	51	14	3,280
N.S.	239	275	12,775	1,154	708	19	25	151	89	*	184	*	15,619	347	78	16,044
N.B.	83	211	1,656	11,717	704	25	35	97	60	*	565	*	15,154	243	37	15,434
ONT.	145	50	1,357	402	157,132	395	152	823	1,142	*	1,833	*	163,432	2,639	1,285	167,356
MAN	*	*	78	35	330	7,798	168	278	164	*	74	*	8,938	196	46	9,180
SASK.	*	*	130	*	294	238	11,138	1,679	297	*	63	*	13,860	219	53	14,132
ALTA	45	23	521	91	1,584	250	579	35,383	1,599	*	312	*	40,393	743	286	41,422
B.C.	41	*	336	95	2,168	273	304	2,488	52,381	*	516	*	58,615	710	439	59,764
Y.T.	*	*	*	*	24	*	*	58	105	34	*	*	247	*	*	251
Total	**9,395**	**2,618**	**18,031**	**14,175**	**163,468**	**9,035**	**12,421**	**41,073**	**55,900**	**40**	**3,626**	*	**329,791**	**5,193**	**2,283**	**337,256**

Loan Year: August 1–July 31

*Counts lower than 10 have been suppressed.

Table 3 – Borrower Mobility by Province

Institution Type	2002-2003					2003-2004					2004-2005				
	Borrowers Remaining in Their Home Province		Borrowers Moving Outside Their Home Province		Total	Borrowers Remaining in Their Home Province		Borrowers Moving Outside Their Home Province		Total	Borrowers Remaining in Their Home Province		Borrowers Moving Outside Their Home Province		Total
	No. of Borrowers	% of Total	No. of Borrowers	% of Total		No. of Borrowers	% of Total	No. of Borrowers	% of Total		No. of Borrowers	% of Total	No. of Borrowers	% of Total	
University	151,468	84.9%	26,885	15.1%	178,353	160,857	85.3%	27,757	14.7%	188,614	162,102	85.4%	27,678	14.6%	189,780
College	107,389	94.6%	6,139	5.4%	113,528	107,369	94.8%	5,879	5.2%	113,248	104,852	94.8%	5,707	5.2%	110,559
Private	32,912	87.9%	4,528	12.1%	37,440	34,346	88.7%	4,364	11.3%	38,710	32,480	87.2%	4,779	12.8%	37,259
Total**	**291,769**	**88.7%**	**37,552**	**11.4%**	**328,991**	**302,572**	**88.8%**	**38,000**	**11.2%**	**340,203**	**299,434**	**88.7%**	**38,164**	**11.3%**	**337,256**

Loan Year: August 1–July 31

** Overall borrower counts for institutions are slightly greater than total counts as borrowers may have taken loans from more than one institution type.

Chapter 4
Canada Student Loan Disbursements

4. CANADA STUDENT LOAN DISBURSEMENTS

The Canada Student Loans Program (CSLP) assisted approximately 40.3% of all full-time students who attended post-secondary institutions in 2004-2005. Of the 836,000 post-secondary students in participating Canada Student Loan provinces and territories, the CSLP provided loans to 337,256 full-time students for a total of $1.6 billion in the 2004-2005 loan year.[22] This has remained stable since the 2003-2004 loan year (**Table 4**).

Full-time student loans are interest-free while a borrower is in school, which allows students to concentrate on their studies without the immediate burden of repayment. The Government of Canada pays the interest on full-time loans, subject to lifetime limits of interest-free periods prescribed by legislation.[23] In the 2004-2005 loan year, approximately 455,000 borrowers[24] received in-study interest subsidies, whereby the Government of Canada provided interest subsidies totalling $180.0 million.

Part-time borrowers must make payments on the interest of their loan while in-study, but do not need to make payments on the principal of their loan until they finish school.

A. FULL-TIME LOANS

In the 2004-2005 loan year, 337,256 full-time post-secondary students received a Canada Student Loan for a total of $1.6 billion. Similar to the 2003-2004 loan year, each full-time borrower received an average of $4,829 from the Canada Student Loans Program (CSLP) in the 2004-2005 loan year (**Table 4**).

Full-Time Loans by Province or Territory

In the 2004-2005 loan year, close to half of all Canada Student Loan borrowers (49.6%) were from Ontario. British Columbia had the second highest percentage of borrowers (17.7%) in the 2004-2005 loan year.

Ontario was the only province with an increase (4.5%) in the number of borrowers since the 2003-2004 loan year. Newfoundland and Labrador continued to have the most significant decrease (9.9%) in the number of borrowers since 2003-2004 (**Table 5**).

Table 4 – Canada Student Loan Disbursements

Status	2002-2003			2003-2004			2004-2005		
	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average
Full-Time	328,991	$1,544.7	$4,695	340,203	$1,643.0	$4,830	337,256	$1,628.8	$4,829
Part-Time	2,772	$4.6	$1,649	2,779	$4.7	$1,679	2,572	$4.6	$1,798
Total	**331,763**	**$1,549.2**	**N/A**	**342,982**	**$1,647.7**	**N/A**	**339,828**	**$1,633.4**	**N/A**

Loan Year: August 1–July 31

[22] Office of the Chief Actuary, *Actuarial Report on the Canada Student Loans Program as at 31 July 2004*. Quebec, Nunavut and the Northwest Territories do not participate in the CSLP.

[23] Full-time borrowers can receive Canada Student Loans and in-study interest subsidies up to a lifetime limit of 340 weeks (after August 1, 1995). Borrowers who reach the lifetime limit while still in school are required to begin repaying their Canada Student Loan.

[24] This number includes the 337,256 full-time borrowers who received a loan in the 2004-2005 loan year.

Table 5 – Full-Time Loans by Province/Territory

Province/ Territory	2002-2003			2003-2004			2004-2005		
	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average
N.L.	12,554	$56.2	$4,479	11,541	$52.0	$4,507	10,395	$46.5	$4,476
P.E.I.	3,238	$17.0	$5,249	3,385	$17.9	$5,274	3,280	$17.3	$5,261
N.S	16,945	$92.5	$5,461	16,697	$92.6	$5,548	16,044	$88.8	$5,536
N.B.	15,439	$77.9	$5,046	15,902	$82.5	$5,189	15,434	$80.0	$5,184
ONT.	148,195	$664.6	$4,485	159,684	$734.5	$4,600	167,354	$768.9	$4,594
MAN.	9,930	$43.4	$4,367	9,649	$44.1	$4,569	9,180	$41.5	$4,518
SASK.	15,392	$74.5	$4,841	15,163	$76.0	$5,013	14,132	$71.3	$5,043
ALTA.	42,052	$187.3	$4,454	42,501	$200.1	$4,709	41,422	$198.9	$4,801
B.C.	64,993	$330.0	$5,077	65,425	$342.0	$5,228	59,764	$314.4	$5,261
Y.T.	253	$1.3	$5,021	256	$1.3	$5,012	251	$1.2	$4,944
Total	**328,991**	**$1,544.7**	**$4,695**	**340,203**	**$1,643.0**	**$4,830**	**337,256**	**$1,628.8**	**$4,829**

Loan Year: August 1–July 31

Alberta had the most significant increase in the average loan amount for the past two loan years with a $255 increase between 2002-2003 and 2003-2004 and a $92 increase from the 2003-2004 to the 2004-2005 loan year. However, borrowers from Nova Scotia continued to have the highest average loan amount ($5,536), while borrowers in Newfoundland and Labrador borrowed the least ($4,476) (**Table 5**).

Full-Time Loans by Institution Type

The proportion of full-time Canada Student Loan borrowers attending university and college in the 2004-2005 loan year remained relatively stable compared to the 2003-2004 loan year, at 56.3% and 32.8% respectively. The number of private institution full-time borrowers also remained relatively constant (**Graph 7**).

Private institution borrowers continued to have the highest average loan ($5,715). See **Appendix G** for further detail on loans disbursed by institution type.

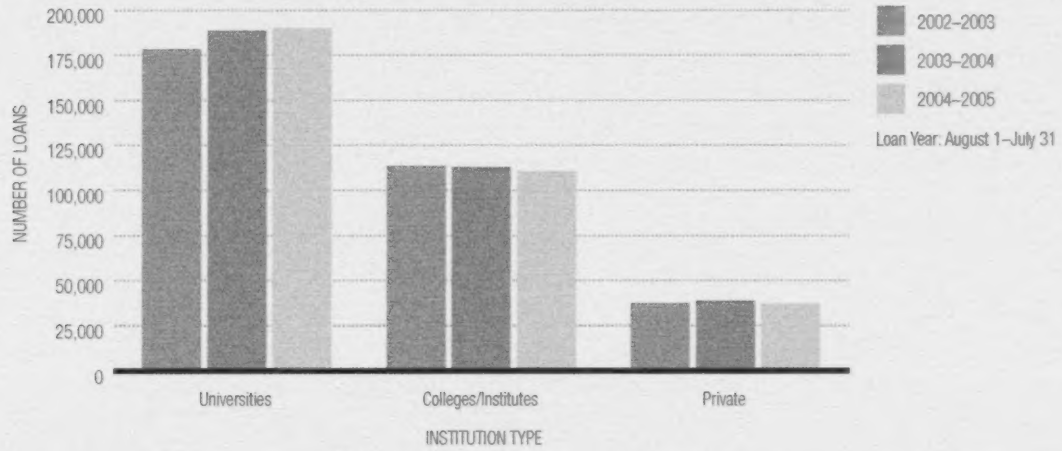
Students without a student loan are more likely to be enrolled in college (39%).[25]

B. PART-TIME LOANS

In 2004-2005, $4.6 million was disbursed to 2,572 part-time Canada Student Loan borrowers, accounting for less than 1% of the total borrower population. This has remained constant in the past few loan years. Part-time borrowers received an average loan of $1,798, an increase of $121 since the 2003-2004 loan year.

25 Createc+: *Special Investment Fund – 2005 SIF Omnibus Survey.* (June 2005).

Graph 7 – Number of Full-Time Loans Disbursed by Institution Type



Part-Time Loans by Province or Territory

Alberta continued to have the highest percentage of all Canadian part-time borrowers (36.2%) in the 2004-2005 loan year, followed by Ontario at 26.4%. On average, part-time borrowers from Prince Edward Island and Yukon borrowed the most ($2,929 and $2,465 respectively) in 2004-2005, compared to the national part-time loan average of $1,798 (**Appendix H**).

Part-Time Loans by Institution Type

There were 68 fewer part-time borrowers (1,287) attending university in 2004-2005 than in the 2003-2004 (1,355) loan year. In the 2004-2005 loan year, 50.0% of all part-time borrowers attended university, 39.5% attended college and 10.5% attended a private institution.

However, as in the full-time loan portfolio, part-time borrowers attending a private institution in the 2004-2005 loan year borrowed the most, at an average of $3,020. Part-time university borrowers received an average loan of $1,775, and part-time college borrowers received an average loan of $1,300. See **Appendix H** for further detail on part-time loans by institution type.

C. CANADA STUDY GRANTS

Canada Study Grants (CSGs) provide non-repayable assistance to eligible Canada Student Loan borrowers who are students with dependants, students with permanent disabilities, high-need students with permanent disabilities, high-need part-time students and females pursuing doctoral studies.

In the 2004-2005 loan year, approximately $83.9 million in CSGs were given to 53,404 Canada Student Loan borrowers. Approximately 15.7% of all Canada Student Loan borrowers received a CSG in the 2004-2005 loan year. The majority (72.7%) of all CSGs were issued to borrowers with dependants, at an approximate value of $57.6 million (**Table 6**).

Students with Dependants

In August 1998, this grant was introduced to help full-time and part-time borrowers with dependants. Eligible borrowers may qualify for a grant of up to $3,120 for full-time borrowers and $1,920 for part-time borrowers, per loan year. In the 2004-2005 loan year, $57.6 million in CSGs for Students with Dependants were issued to 38,807 Canada Student Loan borrowers, accounting for 72.7% of all CSGs.

Table 6 – Canada Study Grant Expenditures, 2004-2005 Loan Year

Province/ Territory	Students with Dependants (Full-Time and Part-Time)		Students with Permanent Disabilities		High-Need Students with Permanent Disabilities		High-Need Part-Time Students		Females Pursuing Doctoral Studies		Total	
	No.	$ Value	No.	$ Value	No.	$ Value	No.	$ Value	No.	$ Value	No.	$ Value
N.L.	510	$659,177	34	$164,945	31	$26,873	7	$8,400	6	$20,687	588	$880,082
P.E.I.	146	$202,934	61	$191,578	3	$3,229	83	$100,325	3	$9,000	296	$507,066
N.S.	1,093	$1,598,316	311	$1,229,545	99	$141,487	37	$43,605	8	$23,509	1,548	$3,036,462
N.B.	1,180	$1,811,373	102	$416,901	107	$163,619	19	$21,685	11	$33,000	1,419	$2,446,578
ONT.	17,175	$24,784,069	4,968	$10,017,279	1,798	$2,795,734	334	$302,318	109	$302,137	24,384	$38,201,537
MAN.	1,188	$1,595,629	149	$558,755	40	$53,806	49	$53,332	8	$21,865	1,434	$2,283,387
SASK.	2,710	$3,879,781	282	$1,211,177	245	$383,351	99	$115,912	6	$17,506	3,342	$5,607,727
ALTA.	5,205	$7,548,200	503	$1,616,749	21	$31,065	849	$645,649	11	$33,000	6,589	$9,874,663
B.C.	9,567	$15,509,806	1,057	$2,005,308	566	$1,020,854	2,498	$2,263,152	74	$212,513	13,762	$21,011,633
Y.T.	33	$46,320	3	$6,759	4	$8,000	2	$2,400	0	$0	42	$63,479
TOTAL	**38,807**	**$57,635,605**	**7,470**	**$17,418,996**	**2,914**	**$4,628,018**	**3,977**	**$3,556,778**	**236**	**$673,217**	**53,404**	**$83,912,614**

Loan Year: August 1–July 31

Note: Excludes grants that have been awarded by provincial/territorial governments or equivalent CSGs awarded by non-participating provincial/territorial governments.

Note: The number of borrowers receiving a grant does not reflect the total dollar amount disbursed. Therefore, the average amount disbursed to each borrower cannot be calculated.

Students with Permanent Disabilities

This grant helps borrowers with permanent disabilities meet additional education-related expenses in pursuing post-secondary studies. Borrowers with a permanent disability may qualify for a CSG of up to $8,000 per loan year to cover exceptional education-related costs associated with their disability.

A total of $17.4 million in CSGs for Students with Permanent Disabilities was given to 7,470 borrowers, accounting for 14.0% of all CSGs issued in the 2004-2005 loan year. As in the 2003-2004 loan year, Ontario had the highest percentage of borrowers receiving the CSGs for Students with Permanent Disabilities, at 2.8% of the total borrowers in that province.

As of August 1, 2005, this grant will be renamed the Canada Study Grant for the Accommodation of Students with Permanent Disabilities.

High-Need Students with Permanent Disabilities

In August 2002, this grant was introduced to assist full-time and part-time borrowers with permanent disabilities who have an assessed need of over $275 per week of study. This grant helps cover the cost of tuition, books and other education-related expenses by providing non-repayable assistance of up to $2,000 per loan year.

In the 2004-2005 loan year, 2,914 CSGs for High-Need Students with Permanent Disabilities were issued at a total value of $4.6 million, accounting for 5.5% of all CSGs.

As of August 1, 2005, this grant will be replaced by a new Canada Access Grant for Permanent Disabilities, which provides eligible borrowers with a grant of up to $2,000 to reduce the barriers associated with permanent disabilities.

High-Need Part-Time Students

This grant provides assistance to borrowers who must study part-time and whose family income is below prescribed income thresholds. Up to $1,200 per loan year may be available to qualified applicants to help cover education-related costs (such as expenses for tuition, books and child care).

Canada Study Grants (CSGs) for High-Need Part-Time Students were issued to 3,977 part-time borrowers for a total of $3.6 million, accounting for 7.4% of all CSGs. The number of borrowers receiving CSGs for High-Need Part-Time Students exceeded the number of students receiving part-time Canada Student Loans (3,977 as compared to 2,572). This means that approximately 1,405 borrowers received enough CSG funding to cover all of their assessed needs. As a result, the part-time loan was no longer required.

Females Pursuing Doctoral Studies

This grant assists female borrowers in certain PhD programs in which women are traditionally under-represented. Grants of up to $3,000 per loan year (for a maximum of three years) are available to qualified applicants.

Canada Study Grants (CSGs) for Females Pursuing Doctoral Studies were issued to 236 borrowers in the 2004-2005 loan year for a total of $673,270.

Chapter 5
Managing the Repayment of Loans

5. MANAGING THE REPAYMENT OF LOANS

The Canada Student Loans Program (CSLP) seeks to make the loan repayment process as simple as possible for borrowers and as such offers debt management measures to ease the burden of repayment.

Once full-time borrowers have finished their studies, interest begins to accumulate immediately on their loan, but no payments are required until six months after they have completed school.

Borrowers are considered to be in arrears if they miss payments on their loan. Borrowers who continue to miss payments for a period longer than 270 days are considered to be in default, and collection activities commence. Consequently, borrowers are strongly encouraged to contact the National Student Loans Service Centre (NSLSC) if they have trouble making payments or are behind in their payments.

The CSLP helps borrowers experiencing repayment difficulty by allowing them to revise the terms of their loan agreement (Revision of Terms). Revision of Terms lowers monthly payments by extending the length of the loan term. Approximately 20% of borrowers who began repaying their loans in 2001-2002 made use of Revision of Terms. Although borrowers with higher student loan debt might be expected to revise their terms more frequently than those with lower debt, data suggest that use of Revision of Terms is the same regardless of the amount owing.

Borrowers experiencing prolonged difficulty repaying can also apply for Interest Relief and Debt Reduction in Repayment. Interest Relief provides temporary assistance to borrowers wherein no payments of principal or interest are required on their loan.[26] Debt Reduction in Repayment assists those experiencing prolonged difficulty repaying and who have exhausted the ability to receive Interest Relief, by reducing the total amount owed on the loan.

This section begins with a profile of borrowers in repayment, followed by the utilization of debt management measures.

A. CANADA STUDENT LOAN INDEBTEDNESS

Indebtedness refers to the amount a borrower owes the Canada Student Loans Program (CSLP) upon entering repayment. It is important to note that the amount a borrower owes reflects only the **federal** portion of a direct student loan. Borrowers may have student loans from provinces as well as loans from the guaranteed or risk-shared regime.

In the 2004-2005 loan year, borrowers owed the CSLP an average of $11,051 once they finished their studies. This was $423 higher than the amount owed in 2003-2004. Approximately 43% of borrowers in repayment owed the CSLP over $10,000 in the 2004-2005 loan year (**Graph 8**). **Appendix I** provides further detail.

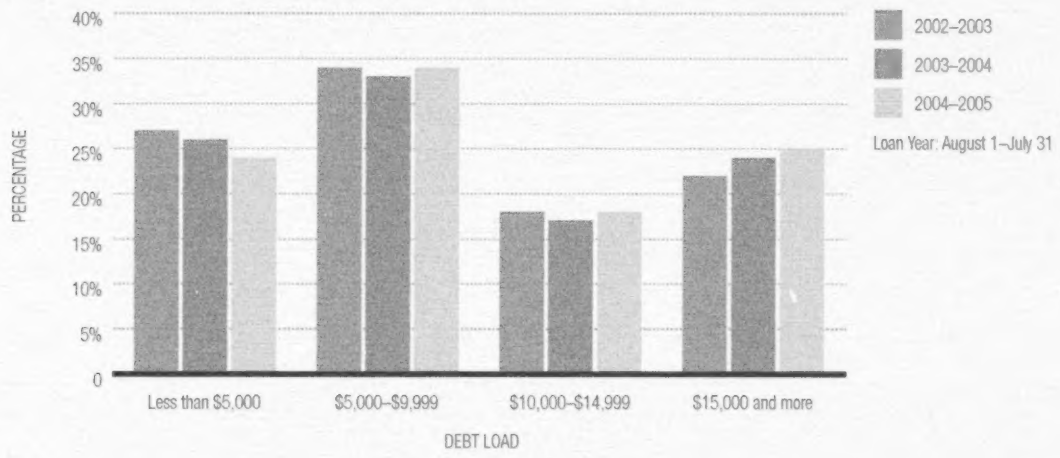
Indebtedness by Province/Territory

In the 2004-2005 loan year, the average amount owing upon finishing school increased in all participating provinces/territories. **Graph 9** shows that Manitoban borrowers owed the least at consolidation[27] ($9,755), while Nova Scotian borrowers owed the most at consolidation ($13,311). Prince Edward Island and Nova Scotia had the largest increases in the amount owing ($1,187 and $926, respectively). Ontario and Alberta had the smallest increases ($137 and $396 respectively) (**Appendix I**).

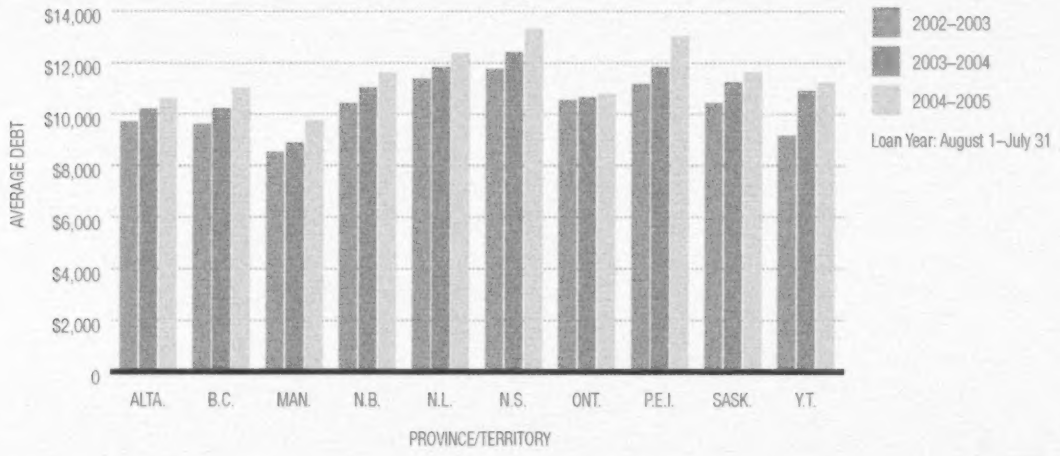
[26] During this time, the Government of Canada pays the interest on the loan on behalf of the borrower.

[27] Consolidation occurs when the borrower's status changes from **in-study** to **repayment**. Generally, this change occurs six months after the completion of studies. Please note that these figures are based only on Canada Student Loans. Borrowers may also have provincial or private (bank) loans. Consolidation denotes the amalgamation of all Direct Loan payments for each of the borrower's study years, but does not include provincial loans from non-integrated provinces/territories, risk-shared loans or guaranteed loans. Borrowers are required to make separate payments for these loans.

Graph 8 – Canada Student Loan Indebtedness



Graph 9 – Average Indebedtness at Consolidation by Province/Territory

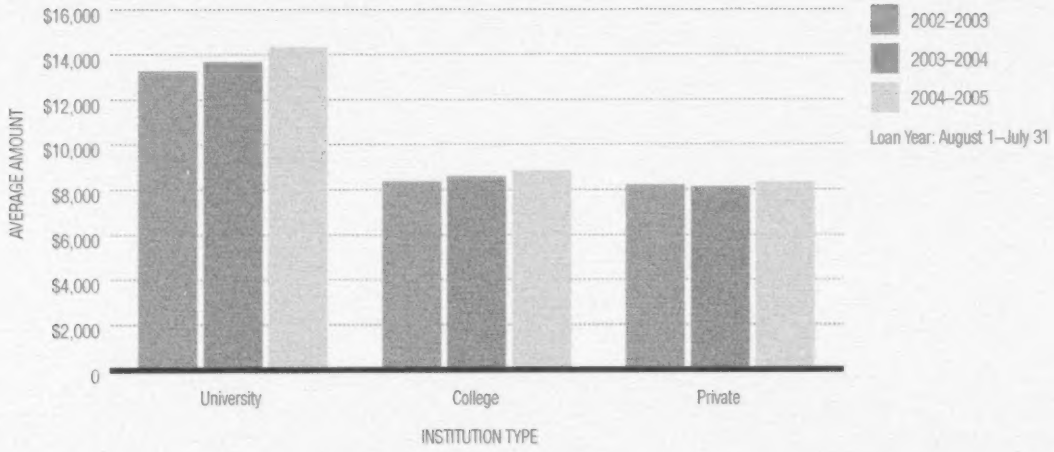


Indebtedness by Institution Type and Age

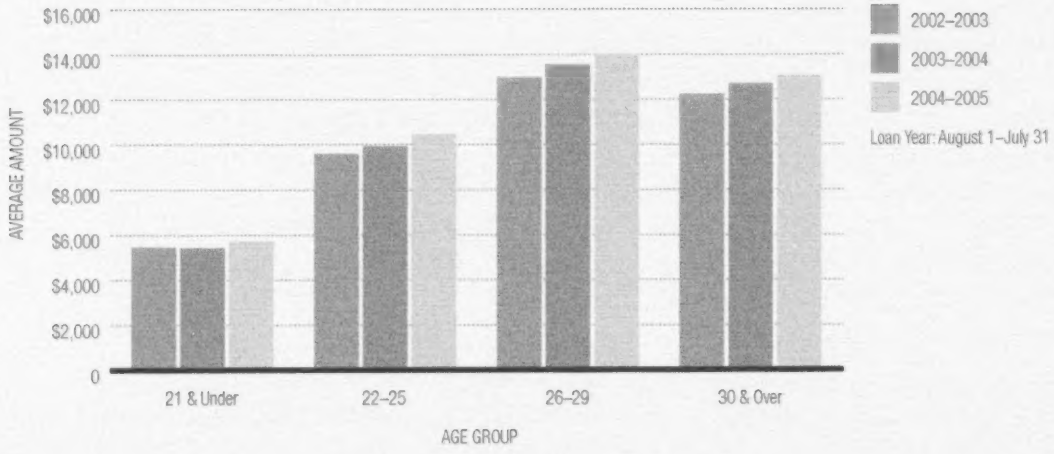
In the 2004-2005 loan year, university borrowers owed an average of $14,342 upon finishing school, $3,291 higher than the overall national average of $11,051 (**Graph 10**). The average amount owed by university borrowers increased by $671 since the 2003-2004 loan year. University borrowers over the age of 30 owed the most compared to other age categories upon entering repayment ($18,661).

Borrowers who attended college owed an average of $8,845, $2,206 lower than the overall national average of all borrowers. However, college borrowers owed more ($247) compared to the 2003-2004 loan year. College borrowers between the ages of 26 and 29 owed the most in their category upon finishing school at $11,412.

Graph 10 – Average Indebtedness by Institution Type



Graph 11 – Average Indebtedness by Age Group



The average debt for private institution borrowers increased by $200, from $8,131 in 2003-2004, to $8,331 in 2004-2005 (**Appendix I**). As well, private borrowers between the ages of 26 and 29 owed the most upon repayment at $9,970. Although private institution borrowers received the most per loan year while in school ($5,715 per year), private institution borrowers owed the least upon repayment ($8,331) compared to those from universities or colleges. This is due to the shorter length of programs offered by private institutions.

Compared to all borrowers by age group, borrowers 30 and over had slightly less debt ($13,055) than borrowers between the ages of 26 and 29 ($14,010). **Graph 11** illustrates that borrowers in-repayment at the age of 21 and under had an average debt of $5,704, and borrowers in repayment between the ages of 22 and 25 had an average debt of $10,439, compared to the national average of $11,051. **Appendix I** provides detailed information on indebtedness.

Indebtedness by Gender and Institution Type

On average, women owed $494 more than men once they completed their post-secondary studies. However, the average amount owing increased for both men and women since the 2003-2004 loan year. Women owed $11,257 and men owed $10,763, an increase of $445 and $371 respectively since 2003-2004 (**Appendix I**).

Similarly, women who attended both universities and colleges in the 2004-2005 loan year owed more than men. Women university borrowers owed $608 more and women college borrowers owed $1,208 more than men.

However, in 2004-2005, men who attended private institutions owed $512 more than women.

B. INTEREST RELIEF

Interest Relief (IR) is a debt management measure that provides short-term relief to borrowers facing temporary financial difficulties in repaying their Canada Student Loan. Borrowers who receive IR are *not* required to make any interest or principal payments on their Canada Student Loan for periods of six months at a time. Interest does not accumulate on the loan while a borrower is receiving IR as the Government of Canada pays the interest on behalf of the borrower. Borrowers may apply for up to 30 months of IR at any time during their loan repayment period. In addition, borrowers who use up the 30 months of IR may be eligible for up to 24 additional months of IR within the first five years of leaving studies.

The number of IR recipients continued to decline, from 117,520 in 2003-2004 to 108,188 in the 2004-2005 loan year (**Table 7**).

The cost of IR also decreased from $71.6 million[28] in 2003-2004 to $64.8 million in the 2004-2005 loan year (**Table 7**).

Interest Relief Recipients by Institution Type

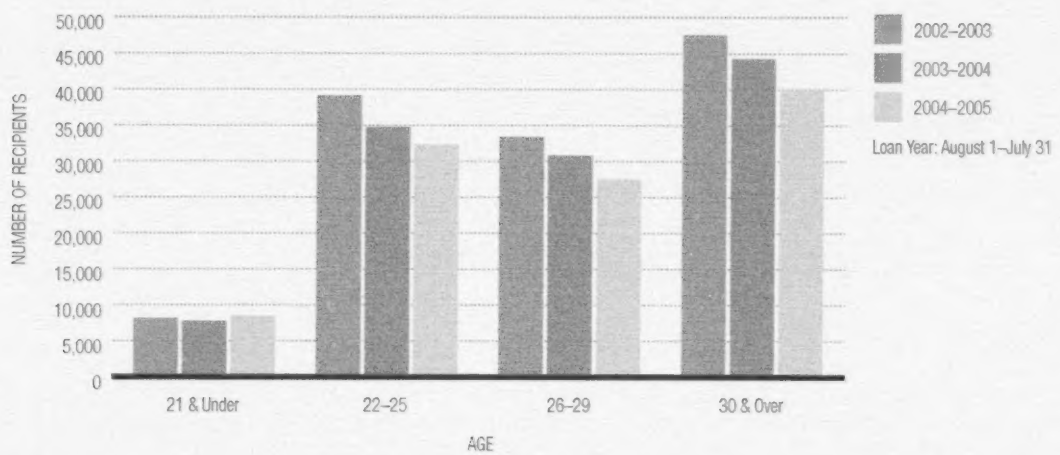
In the 2004-2005 loan year, 41.6% of all IR recipients attended university (45,017). College borrowers represented 36.9% of all IR recipients, and private institution borrowers accounted for 21.1%.

Table 7 – Interest Relief

Loan Year	IR Recipients	IR Dollars ($ Million)
2002-2003	128,235	$77.2
2003-2004	117,520	$71.6
2004-2005	108,188	$64.8

Loan Year: August 1–July 31

Graph 12 – Interest Relief Recipients by Age



[28] Interest Relief values may differ from the 2003-2004 Annual Report as they have been updated by the Comptroller's Office.

Interest Relief Recipients by Gender

In 2004-2005, the proportion of female IR recipients was 64.1%, while men accounted for 35.7% of IR recipients (**Appendix J**).

Interest Relief Recipients by Age

The largest group of borrowers receiving Interest Relief were those aged 30 and older, accounting for 36.9% of IR recipients (**Appendix J**). Borrowers aged 22 to 25 were the second highest IR recipients at 29.9%. The percentage of borrowers on IR within each age group remained stable compared to the 2003-2004 loan year.

C. DEBT REDUCTION IN REPAYMENT

In 1998, Debt Reduction in Repayment (DRR) was introduced to help borrowers who have exhausted Interest Relief and who continue to have exceptional difficulty in repaying their Canada Student Loans.

DRR reduces the principal of a borrower's Canada Student Loan (up to 50% of the principal for a maximum of $10,000) and reduces monthly loan payments to an affordable level that is based on income. If eligible, a borrower may receive a reduction of up to $10,000 on their loan. Two additional reductions of up to $5,000 each may be provided to a borrower who is experiencing continued financial difficulty after the initial reduction. A minimum of 12 months must elapse between reductions before the borrower applies for the second and third reductions on the loan principal. Effective August 1, 2005, these debt reductions will be further increased to $10,000, $10,000, and $6,000 respectively.

In the 2004-2005 loan year, 5,029 Canada Student Loan borrowers benefited from DRR, at a total cost of $36.1 million (**Table 8**). The increase in DRR recipients (from 1,952 in 2003-2004 to 5,029 in 2004-2005) is a result of improvements to DRR that took effect in May 2004. Borrowers can only use DRR once they have exhausted Interest Relief (five years), and consequently uptake of the program is beginning to be fully used. Since Interest Relief is a relatively new program, as is DRR, the rate of increase is expected to continue for a few more years before the program reaches a steady state.

Table 8 – Debt Reduction in Repayment

Loan Year	DRR Recipients	DRR Dollars ($ Millions)
2002-2003	1,523	$8.6
2003-2004	1,952	$9.9
2004-2005	5,029	$36.1

Loan Year: August 1–July 31

Interest Relief Utilization

Interest Relief (IR) is the most utilized form of debt assistance provided by the Canada Student Loans Program (CSLP). Consequently, it is important to better understand borrowers who use Interest Relief and borrowers who are eligible for but not using IR. The CSLP assessed whether the IR program is reaching all of its intended target population. The study focussed on borrowers in-repayment in 2000[29] and measured the population size of those who are eligible but not using IR. The study also sought to determine how socio-economic and loan characteristics relate to uptake of and eligibility for IR.

While IR provides short-term relief for those in financial difficulty, it can also assist in preventing loan aversion due to fear of not being able to repay the loan. For instance, awareness of the IR program may reassure borrowers that measures are in place to ease the burden of loan repayment obligations and thus possible financial hardship.

Using an approved linkage of taxation data from Statistics Canada to CSLP administrative data, every borrower's income is compared to the income required to enter the Interest Relief program. From this, it was determined that in 2000 approximately 35% of borrowers in-repayment were eligible for Interest Relief. However, only 45% of those eligible for Interest Relief actually utilized the program. This resulted in an overall 16% utilization rate of the IR program by all eligible borrowers in-repayment.

Use of IR, in part, is determined by the borrower's behaviour and actions. For those eligible for IR, choosing not to make use of the program would be disadvantageous to the borrower. The low usage of IR among those who are eligible shows that other factors aside from program criteria such as income thresholds affect a borrower's access to IR. Other research conducted by the CSLP[30] found that such factors include a lack of awareness about IR, a lack of information on how Interest Relief works and an unwillingness to go through the application process. Furthermore, the research indicated that some who did apply encountered problems with the application process and therefore did not receive IR.

Approximately three quarters of borrowers who used IR for the first time did so within a year and a half of beginning the repayment of their loan. The majority of borrowers who used IR did so in the early repayment phase, however, some who used IR later in the repayment phase did not necessarily take IR in the first year they were eligible. In fact, it appears a significant portion of those borrowers were eligible prior to the year they used Interest Relief.

Despite the low use of IR across certain characteristics, some types of borrowers eligible for IR were associated with higher uptake rates. For example, borrowers from the Atlantic region (57% uptake) and the Territories (56% uptake) were more likely to uptake IR. As well, borrowers in the first 24 months of repayment (56% uptake) and borrowers from older age groups (57%) also had higher uptake rates.

The types of eligible borrowers least likely to use IR were borrowers on social assistance (36% uptake rate), borrowers from rural regions (39% uptake rate), borrowers with parents in the highest income quartile (39% uptake rate), borrowers in the lowest debt quartile upon entering repayment (30% uptake rate), borrowers with larger family sizes (35% uptake rate), and borrowers who are four or more years into repayment (21% uptake rate).

Regardless of the variations in the usage of IR, uptake rates were still low overall relative to the number who appear to be eligible. Borrowers who would be perceived as having extreme financial difficulty (i.e. income would be far below the eligibility threshold) had no higher uptake than the overall rate. Although borrowers on social assistance had an eligibility rate of almost 100%, their uptake rate was only 36%. And finally, borrowers with large family sizes had an eligibility rate of 57%, while only 35% of these borrowers used Interest Relief.

[29] Canada Student Loans Program, *Canada Student Loans Repayment Assistance: Who does and does not use Interest Relief* (2006)

[30] Sage Research Corporation. Qualitative Research: Pre-Consolidation Early Contact Project (March 31, 2005).

Chapter 6
Program Results

6. PROGRAM RESULTS

Thus far, the report has examined the main activities of the program such as administering loans and grants and managing the repayment of loans. The objectives of the CSLP extend beyond these main activities. The new direct financing regime is aimed at achieving four main objectives:

- Maintaining the government's commitment to accessibility.
- Making the loan experience a positive one.
- Increasing awareness.
- Ensuring performance, integrity and accountability.

These objectives can be measured through certain program results which include: the number of Canadian youth who make use of the CSLP, the impact of not obtaining a student loan, borrower satisfaction with the loan experience, awareness of and familiarity with the CSLP and CanLearn, and finally through the improvement of the program's default rate.

A. COMMITMENT TO ACCESSIBILITY

In an effort to measure the government's commitment to accessibility, the CLSP conducted a tracking survey of youth between the ages of 17 and 30 who may or may not have enrolled in post-secondary studies.[31] This survey allows the CSLP to better understand potential barriers that students may encounter when attempting to enrol in post-secondary institutions and whether accessibility to student financial assistance was one of these barriers. The 2004-2005 survey showed the following:

- A total of 21% of youth currently enrolled in post-secondary studies received a government student loan (GSL)[32] for their current year of study.
- A total of 57% of GSL holders would not have enrolled *this* reporting year without a student loan. Of these, 33% would have delayed their studies and an additional 24% would have dropped out completely had they not received a loan.
- The remaining 43% would have enrolled anyway, without a student loan. Of these, 56% would have changed their plans by reducing their course load, changing their educational institution or obtaining a job.
- A total of 24% of students who applied for a loan, but did not qualify, had to either (1) reduce their course load (13%); (2) study part-time instead of full-time; or (3) change their educational institution or program of study (3%).

Government-funded student financial assistance ranked the third most important source of funding for all post-secondary students, below personal and work income and money from family and friends. However, government student loans were the most important source of funding for loan holders. Twenty percent (20%) of students relied extensively on GSLs, and 15% stated it was their main source of funding. For those with student loans, it was the main source of funding for 7 out of 10 loan holders.

Of those who were not enrolled in post-secondary institutions, 12% stated that the inability to receive a government student loan was a barrier to enrolling in post-secondary studies.

B. A POSITIVE LOAN EXPERIENCE

To make the loan experience a positive one, the Canada Student Loans Program (CSLP) conducts a yearly survey with borrowers to assess their experience and satisfaction with their loan.

[31] Createc+: *Special Investment Fund – 2005 SIF Omnibus Survey* (June 2005).

[32] Government Student Loans refer to federal, provincial and territorial government student loans.

In 2004-2005, seven out of ten borrowers expressed overall satisfaction with the quality of service they received regarding their Canada Student Loan, a seven-point increase since the previous year. Only one in ten was dissatisfied, and the remainder were neither satisfied nor dissatisfied. The increase in level of satisfaction is due to an improvement in satisfaction among in-study borrowers (up 17 points to 76%), but has remained stable for in-repayment and in-grace borrowers (64%).[33]

A strong predictor of satisfaction is whether borrowers received their payment in time to pay tuition fees without penalty. Borrowers who received their loan on time were more than twice as likely to say they were satisfied with the length of time they waited for payment.

On average, borrowers sent in their loan application five weeks prior to the first day of school. Most received their loan in time to pay tuition without penalty. Of note, this group did not send in their applications any earlier than those who did not receive their payment in time.

C. INCREASED AWARENESS

Awareness of and Familiarity with the Canada Student Loans Program

In order for the Canada Student Loans Program (CSLP) to increase access to post-secondary education, youth must be aware of and familiar with the programs and services available to assist them in paying for their education.

A survey conducted by the CSLP of youth between the ages of 17 and 30[34] asked respondents various questions relating to their awareness of and familiarity with the CSLP. The survey indicated the following:

- A total of 62% of respondents were aware of the CSLP or the federal/provincial integrated loan program.
- Of respondents who were aware of the CSLP, 51% reported some degree of familiarity with the Program.

CanLearn

To increase awareness of the CSLP and to fulfill a commitment to service excellence, the Program strives to make the best use of information technologies and on-line services in designing and delivering its Program. A central element of this commitment is the CanLearn Web site (**www.canlearn.ca**). CanLearn is a one-stop on-line resource for information and interactive planning tools to help Canadians explore learning and education opportunities, develop learning strategies, and create financial plans to achieve their goals. Through CanLearn, the CSLP also provides current and future borrowers with tools and information to help them apply for, maintain and repay their student loans.

In 2004-2005, a variety of activities were conducted to encourage the CSLP's target audience to visit the site and utilize CanLearn's offerings. To achieve this, the site was showcased at 17 education-related events nationally, and approximately 50,000 CanLearn brochures were distributed to over 3,000 high schools across Canada. Furthermore, over 3,000 inquiries were received and managed through the site's "Contact Us" Web client service (**info@canlearn.ca**).

CanLearn had 1,385,892 user visits, with 187,701 logins to the NSLSC portion of CanLearn that is specifically for borrowers. A total of 171,656 of those logins were by borrowers enrolled at public institutions and 16,045 were by borrowers at private institutions.

A general population survey of Canadian youth showed that 49% looked for post-secondary information within a one-year period. Forty-four percent (44%) used the Internet to look for information related to PSE. Of these, 11% visited the CanLearn/NSLSC Web site and 22% visited a provincial Web site.[35]

[33] Environics Research Group: *2005 Canada Student Loans Program 2005 Client Research* (March 31, 2005).

[34] Createc+: *Special Investment Fund – 2005 SIF Omnibus Survey.*

[35] Createc +. *Special Investment Fund – 2005 SIF Omnibus Survey* (June 2005).

D. CANADA STUDENT LOAN DEFAULTS

As no new loans are being disbursed under the guaranteed and risk-shared loan regimes, their value has significantly decreased in the repayment portfolio. As the value of direct loans increases in the repayment portfolio, data from the guaranteed and risk-shared loan regimes have become insufficient. See section 2A for an explanation of regimes. Consequently, calculation of the blended default rates (which include guaranteed, risk-shared and direct loans) became obsolete in the 2004-2005 loan year, and these rates have been replaced by a three-year direct loan default rate.

The ability of the Canada Student Loans Program (CSLP) to decrease the number of students in default is a part of improving the performance, integrity, and accountability of the Program.

Three-Year Direct Loan Default Rate

Directly financed Canada Student Loans are deemed to be in default when payments are in arrears for more than 270 days. Although default on a loan may occur anytime during the repayment period (normally 10 years), the cut-off of three years is based on the fact that most defaults (more than 75%) occur within three years of consolidation. Once a borrower's loan is in default, collection activities begin.

Table 9 shows that the overall anticipated direct loan default rate across Canada in the 2004-2005 loan year was a forecasted 25.4%. This represents a 5% decrease since the 2003-2004 loan year. In 2004-2005, Saskatchewan had the highest forecasted default rate at 29.9%, while Ontario had the lowest forecasted default rate at 22.4%.

The forecasted default rate decreased for all institution types. The forecasted default rate for borrowers who attended university was 18.3%, 25.5% for those who attended college and 45.1% for those attending a private institution.

The CSLP has conducted studies[36] that suggest that many problems encountered in the loan repayment process can contribute to default.

First, difficulties with repayment can be attributed to the overall complexity of the student loan program. Potentially, a borrower could have student loans from all three Canada Student Loan regimes (guaranteed, risk-shared and direct loans) and from provincial student loan programs. Program terminology further confuses borrowers by providing borrowers with the "consolidated" loan amount owed. However, under Canada Student Loan terminology, consolidation refers to the amalgamation of all Canada Student Direct Loans (including loans from the integrated provinces) from each year of study. Consolidation does not include provincial loans from non-integrated provinces or guaranteed and risk-shared loans. In focus groups conducted by the CSLP, borrowers suggested that this terminology was misleading as they only filled out one loan application. Consequently, borrowers assumed that only one payment on their student loan was required.

As well, the research showed a limited knowledge of the repayment assistance measures such as Revision of Terms, Interest Relief and Debt Reduction in Repayment, which could help borrowers having difficulty repaying their loans and possibly reduce the incidence of default. Furthermore, borrowers who did know about such measures often stated difficulty in applying for debt management measures.

Some borrowers were hesitant to contact the CSLP when having difficulty making payments and felt that the Program was not there to help. As a result, they remained in financial difficulty and finally in default.

The communication issues identified in the research are being addressed by the CSLP in order to improve the borrower's experience and decrease the default rate. One example of the research being conducted by the CSLP is noted below.

[36] Patterson Langlois Consultants, *Exploratory Research with Canada Student Loan Holders: Factors Impacting the Loan Repayment Process* (February 2004), page 10.

Table 9 – Three-Year Direct Loan Default Rates

Province/Territory	2001-2002	2002-2003	2003-2004 P	2004-2005 F
CANADA	**37.7%**	**28.7%**	**30.4%**	**25.4%**
ALTA.	34.4%	25.6%	28.9%	22.8%
B.C.	40.3%	32.6%	34.4%	27.5%
MAN.	41.1%	30.5%	34.4%	29.2%
N.B.	39.3%	25.4%	23.6%	26.5%
N.L.	45.3%	22.4%	22.5%	23.6%
N.S.	40.4%	35.2%	35.5%	23.9%
ONT.	35.7%	27.6%	29.5%	22.4%
P.E.I.	35.2%	28.3%	26.6%	19.4%
SASK.	38.4%	32.5%	31.3%	29.9%
Institution Type	**2001-2002**	**2002-2003**	**2003-2004 P**	**2004-2005 F**
University	25.1%	18.4%	22.8%	18.3%
College	39.6%	29.2%	34.4%	25.5%
Private Institution	52.4%	46.9%	48.3%	45.1%

Loan Year: August 1–July 31

P: Preliminary F: Forecast

Notes

1. A loan is deemed in default when it is in arrears for more than 270 days under the direct lending regime.
2. The three-year default rate is defined as the ratio of the cumulative amount of all loans deemed in default for the period covering the year of consolidation and the subsequent two years – to the total amount of all loans consolidated in that year.
3. In August 2003, the automatic pre-authorized payment plan was temporarily unavailable for legal reasons. This situation has led to higher than normal default for the consolidating cohort for the year 2003-2004, as noted in the Actuarial Report as at 31 July 2004.

Default Prevention – The Pre-Consolidation Counselling Program

As the recent research indicated, lack of knowledge about the Canada Student Loans Program (CSLP) has an effect on the default rate. Therefore, the CSLP put in place a program to help ensure that borrowers are aware of and understand repayment obligations and the repayment assistance measures that are available.

Research identified that borrowers felt they had limited knowledge about the types of repayment assistance available. Most borrowers received information from the consolidation package provided by the CSLP and by word of mouth. Few knew that monthly payments could be lowered by extending the loan repayment term.

Consequently, the Pre-Consolidation Program (PCP) was initiated to assist borrowers who are about to begin repaying their Canada Student Loans. Under this pilot program, medium- to high-risk borrowers in public institutions were contacted by the National Student Loans Service Centre (NSLSC) prior to their first payment due date and received a telephone counselling session.

Borrowers were counselled on issues such as repayment terms and were given information about repayment assistance programs, if required.

Following the nationwide launch of this program, eight focus groups were conducted[37] across Canada with borrowers who received the PCP telephone call. Borrowers were asked for their reactions to the call and for suggestions to improve the PCP.

The PCP telephone call received positive feedback overall. Participants felt the call confirmed and clarified basic information about the loan such as payment amounts and due dates and reminded borrowers of the need to take action regarding the repayment of their loan.

Furthermore, data from the CSLP showed that the PCP was effective in decreasing delinquency. On average, the first payment delinquency[38] rate of high-risk borrowers who were contacted by the PCP was 50% lower than the high-risk borrowers who were not contacted by the CSLP.

[37] Sage Research Corporation, *Qualitative Research: Pre-Consolidation Early Contact Project* (March 31, 2005).

[38] First Payment Delinquency is used in the banking industry and is considered a strong predictor of eventual default.

Chapter 7
Financial Data

7. FINANCIAL DATA

A. CANADA STUDENT LOAN CONSOLIDATED FINANCIAL TABLES[39]

All data in this section represent the fiscal year April 1, 2004 to March 31, 2005.

Reporting Entity

Expenditures in the figures are primarily statutory in nature and are made under the authority of the *Canada Student Loans Act* and the *Canada Student Financial Assistance Act*.

Basis of Accounting

The financial figures are prepared in accordance with accounting policies and concepts generally accepted in Canada and as reflected in the *Public Sector Accounting Handbook* of the Canadian Institute of Chartered Accountants.

Specific Accounting Policies

Revenues

Two sources of revenue are reported: interest revenue on direct loans and recoveries on guaranteed and put-back loans. Government accounting practices require that recoveries from both sources be credited to the government's Consolidated Revenue Fund. They do not appear along with the expenditures in the CSLP accounts, but are reported separately in the financial statements of Human Resources and Skills Development Canada[40] (HRSDC) and the government.

- **Interest Revenue on Direct Loans:** Borrowers are required to pay simple interest on their part-time and full-time loans, but only when they leave full-time studies. Borrowers can select a variable (prime + 2.5%) or fixed (prime + 5%) interest rate. The amounts in the figures represent the interest accrued on the outstanding balance of the government-owned direct loans. Borrowers continue to pay the interest accruing on the guaranteed and risk-shared loans directly to the private lender holding these loans.
- **Recoveries on Guaranteed Loans:** The government reimburses the private lenders for any loans issued before August 1, 1995, that go into default (that is, lenders claim any amount of principal and interest not repaid in full). The amounts in the figures represent the recovery of principal and interest on these defaulted loans.
- **Recoveries on Put-Back Loans:** Under the risk-shared agreements, the government will purchase from the participating financial institutions any loans issued between August 1, 1995, and July 31, 2000, that are in default of payments for at least 12 months after the period of study and that, in aggregate, do not exceed 3% of the average monthly balance of the lender's outstanding student loan in repayment. The amount paid is set at 5% of the value of the loans in question. Figures represent the recovery of principal and interest on these loans.

Canada Study Grants

Canada Study Grants improve access to post-secondary education by providing non-repayable financial assistance to post-secondary students with particularly high levels of need. Five types of grants are available to assist (1) students with permanent disabilities in order to meet disability-related educational expenses (up to $8,000 annually); (2) students with dependants (up to $3,120 for full-time students and up to $1,920 for part-time students, annually); (3) high-need part-time students (up to $1,200 annually); (4) females pursuing doctoral studies (up to $3,000 annually for up to three years); and (5) high-need students with permanent disabilities (up to $2,000 annually).

Collection Costs

These amounts represent the cost of using private collection agencies to collect defaulted Canada Student Loans. The loans being collected include risk-shared and guaranteed loans that have gone into default and for which the government has

[39] *Human Resources and Skills Development Canada Departmental Performance Report 2004-2005.* This document can be found at http://www.tbs-sct.gc.ca/rma/dpr1/04-05/HRSDC-RHDCC/HRSDC-RHDCCd45_e.asp

[40] In January 2006, the Prime Minister announced the amalgamation of the Department of Human Resources and Skills Development Canada and Social Development Canada into one organization: Human Resources and Social Development Canada.

reimbursed the private lender; and direct loans issued after July 31, 2000, that are returned to HRSDC by the third-party service provider as having defaulted.

Interim Arrangements

As noted, the CSLP entered into interim contracts with the former risk-shared loan lenders to disburse full-time direct loans on the government's behalf until February 28, 2001. At that time, the government reimbursed the lenders 85% of the loan principal they had advanced during the interim period. The remaining 15% was reimbursed to the lenders later. These contracts also called for remuneration in the form of transaction fees and the interest on funds advanced on behalf of the government. Another contract was entered into with Canada Post for the delivery of direct loans to part-time students. The "Interest Cost to Financial Institutions (Interim)" and "Transition Fees to Financial Institutions (Interim)" items identify the cost of these interim arrangements.

- **Interest Cost to Financial Institutions (Interim):** This expense represents the interest costs, calculated at prime, paid monthly by the CSLP to the lending institutions on the outstanding advances made to full-time borrowers with direct loans.
- **Transition Fees to Financial Institutions (Interim):** This expense represents the cost of transaction fees paid by the CSLP during the interim period for each fully completed full-time loan made to the student by the participating lending institutions. Transition fees also include payments made to Canada Post for each fully completed part-time loan made during the interim period. The cost is calculated on the basis of certificates of eligibility negotiated by the student.

Service Bureau Costs

As of March 1, 2001, the CSLP has used third-party service providers to administer direct loan disbursements, in-study loan management and post-study repayment activities. This item represents the cost of these contracted services.

Risk Premium

The risk premium represents part of the remuneration offered to lending institutions that participated in the risk-shared program from August 1, 1995 to July 31, 2000. The risk premium was 5% of the value of loans being consolidated (normally the value of loans issued to students) being calculated and paid at the time borrowers left studies and went into repayment. In return, the lenders assumed the risk associated with non-repayment of these loans.

Put-Back

Subject to the provisions of the contracts with lending institutions, the government will purchase from a lender the student loans that are in default of payment for at least 12 months and that, in aggregate, do not exceed 3% of the average monthly balance of the lender's outstanding student loans in repayment. The amount paid is set at 5% of the value of the loans in question. The figures also include any refund made to participating financial institutions on the recoveries.

Administrative Fees to Provinces and Territories

Pursuant to the *Canada Student Financial Assistance Act* (CSFAA), the government has entered into arrangements with participating provinces and Yukon Territory to facilitate the administration of the CSLP. They administer the application and need assessment activities associated with federal student financial assistance and in return they are paid an administrative fee.

In-Study Interest Borrowing Expense

The capital needed to issue direct loans is raised through the Department of Finance's general financing activities. The cost of borrowing this capital is recorded in the Department of Finance's overall financing operations. The figures represent the cost attributed to CSLP for in support of direct loans while borrowers are considered as in-study status.

In-Repayment Interest Borrowing Expense

The capital needed to issue direct loans is raised through the Department of Finance's general financing activities. The cost of borrowing this capital is recorded in the Department of Finance's overall financing operations. The figures represent the cost attributed to the CSLP while borrowers are in-repayment of their Canada Student Loans.

In-Study Interest Subsidy

A central feature of federal student assistance is that borrowers are not required to pay the interest on their student loans as long as they are in full-time study[41] and, in the case of loans negotiated prior to August 1, 1993, for six months after the completion of studies. Under the guaranteed and risk-shared programs, the Government of Canada paid the interest to the lending institutions on behalf of the borrower.

Interest Relief

Assistance may be provided to cover loan interest for up to 54 months for borrowers who have difficulty repaying their loans. The shift from guaranteed and risk-shared loans to direct loans did not alter Interest Relief (IR) for loans in distress from the borrower's perspective; however, the method of recording associated costs changed. For loans issued prior to August 1, 2000, the CSLP compensates lending institutions for lost interest equal to the accrued interest amount on loans under IR. For loans issued after August 1, 2000, an IR expense is recorded to offset the accrued interest on direct loans.

Debt Reduction in Repayment

Debt Reduction in Repayment (DRR) assists borrowers in severe financial hardship. DRR is a federal repayment assistance program through which the Government of Canada reduces a qualifying borrower's outstanding Canada Student Loans principal to an affordable amount after all other Interest Relief measures are exhausted. As of May 11, 2004, borrowers were eligible for a first reduction of $10,000 and a second and third reduction in the amount of $5,000 each, for a total of up to $20,000 in DRR. As of August 1, 2005, the instalments for DRR eligibility will be changed to $10,000 for the first and second reductions and up to $6,000 for the third, for a total of up to $26,000 in DRR. For loans issued prior to August 1, 2000, the CSLP pays the lending institutions the amount of borrower debt principal reduced by the Government of Canada under DRR. For loans issued after August 1, 2000, the Government of Canada forgives a portion of the loan principal.

Claims Paid and Loans Forgiven

From the beginning of the program in 1964 until July 31, 1995, the Government of Canada fully guaranteed all loans issued to students by private lenders. The Government reimburses private lenders for any of these loans that go into default (i.e. lenders claim any amount of principal and interest not repaid in full, after which the Department of Social Development Canada's National Collection Services[42] will attempt to recover these amounts). The risk-shared arrangements also permitted loans issued from August 1, 1995 to July 31, 2000, to be guaranteed under specific circumstances. This item represents the costs associated with loan guarantees.

Pursuant to the *Canada Student Loans Act* and the *Canada Student Financial Assistance Act*, under certain circumstances the government incurs the full amount of the unpaid principal plus accrued interest in the event of death or if the borrower becomes permanently disabled and cannot repay the loan without undue hardship.

[41] Full-time borrowers can receive Canada Student Loans and in-study interest subsidy up to a lifetime limit of 340 weeks (after August 1, 1995). Borrowers who reach the lifetime limit while still in school are required to begin repaying their Canada Student Loan.

[42] As of August 1, 2005, the Canada Revenue Agency is responsible for these activities.

Table 10 – Consolidated Canada Student Loan Programs – Combined Programs

	Actual		2004-2005	
	2002-2003	2003-2004	Forecast	Actual
	($ Millions)			
Revenues				
Interest Revenue on Direct Loans	$103.9	$174.3	$206.9	$226.6
Recoveries on Guaranteed Loans	$111.1	$91.3	$105.1	$76.2
Recoveries on Put-Back Loans	$7.7	$9.6	$14.4	$11.0
Total Revenues	$222.7	$275.2	$326.4	$313.8
Expenses				
Transfer Payments				
Canada Study Grants	$54.5	$66.8	$74.7	$64.5
Loan Administration				
Collection Costs[a]	$12.8	$13.4	$18.6	$14.8
Service Bureau Costs	$41.2	$41.0	$59.5	$46.0
Risk Premium	$23.0	$11.7	$4.9	$5.5
Put-Back	$5.8	$4.3	$5.1	$4.2
Administrative Fees to Provinces and Territories	$8.4	$8.8	$9.6	$9.4
Total Loan Administration Expenses	$91.3	$79.2	$97.7	$79.9
Cost of Government Support				
Benefits Provided to Students				
In-Study Interest Borrowing Expense (Class A)[b]	$138.6	$148.6	$163.0	$163.8
In-Repayment Interest Borrowing Expense (Class B)[b]	$41.3	$68.1	$118.3	$96.6
In-Study Interest Subsidy	$39.8	$27.4	$15.6	$16.1
Interest Relief	$74.6	$73.8	$62.9	$63.2
Debt Reduction in Repayment	$7.4	$10.7	$29.4	$27.1
Claims Paid & Loans Forgiven	$40.7	$34.8	$26.9	$27.7
Bad Debt Expense[c]				
Debt Reduction in Repayment Expense	$10.8	$11.5	$11.8	$ 11.5
Bad Debt Expense	$175.7	$193.3	$205.4	$456.2
Total Cost of Government Support Expenses	$529.0	$568.2	$633.3	$862.2
Total Expenses	$674.7	$714.2	$805.7	$1,006.6
Net Operating Results	$451.9	$439.0	$479.3	$692.8
Alternative Payments to Non-Participating Provinces[d]	$76.0	$244.8	$187.0	$175.8
Final Operating Results	$527.9	$683.8	$666.3	$868.6

a. These costs are related to Canada Student Direct Loans but reported by Social Development Canada (SDC).

b. These costs are related to Canada Student Direct Loans but reported by the Department of Finance.

c. This represents the annual expense against the Provisions for Bad Debt and Debt Reduction in Repayment as required under accrual accounting. The Bad Debt Expense figure for 2004-2005 includes an adjustment of $257.1 million following the revised Bad Debt Provision Rate published by the Office of the Chief Actuary in the *Actuarial Report on the CSLP as at 31 July 2004*. This adjustment is retroactive to the beginning of the Direct Loans Regime (2000).

d. Starting in 2003-2004, the figures represent the annual expense recorded under accrual accounting as opposed to the actual amount disbursed to the non-participating provinces. For 2004-2005, the total amount disbursed as Alternative Payments is $152.4 million.

Bad Debt Expense

Under direct loans, the government owns the loans issued to borrowers and must record them as assets. As a result, Generally Accepted Accounting Principles require a provision be made for potential future losses associated with these loans. The provision must be made in the year the loans are issued even though the losses may occur many years later. The figures represent the annual expense against the provisions for Bad Debt, Interest Relief and Debt Reduction in Repayment on direct loans.

Alternative Payments to Non-Participating Provinces and Territories

Provinces and territories may choose not to participate in the CSLP. These provinces and territories receive an alternative payment to assist in the cost of delivering a similar student financial assistance program.

Commitments

As at March 31, 2004, the department had a commitment of $76.6 million for service provider contracts that ended February 28, 2005, in order to manage and administer the CSLP for post-secondary borrowers.

Chapter 8
Appendices

APPENDIX A

CANADA STUDENT LOAN PORTFOLIO

Canada Student Loans Program (CSLP) Portfolio, March 31, 2002 to March 31, 2005 ($ Millions)

As of March 31	Guaranteed		Risk-Shared		Direct Loans		Total (Guaranteed, Risk-Shared & Direct)		
	Loans In-Study	Loans In-Repayment	Loans In-Study	Loans In-Repayment	Loans In-Study	Loans In-Repayment	Loans In-Study	Loans In-Repayment	Loans In-Study & Loans In-Repayment
2002	$121.7	$680.4	$1,390.2	$4,849.1	$2,314.3	$581.5	$3,826.2	$6,111.0	$9,937.2
2003	$83.8	$514.0	$887.2	$4,574.6	$2,875.1	$1,247.3	$3,846.1	$6,335.9	$10,182.0
2004	$58.2	$386.0	$584.6	$4,162.4	$3,339.1	$2,079.2	$3,981.9	$6,627.6	$10,609.5
2005	$38.8	$287.0	$392.9	$3,656.8	$3,645.0	$2,602.7	$4,076.7	$6,546.5	$10,623.2

Source: Comptroller's Office, FAS

Fiscal Year April 1 to March 31

APPENDIX B

BORROWERS BY MARITAL STATUS

Marital Status of Full-Time Borrowers

Marital Status	2002-2003			2003-2004			2004-2005		
	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average
Single	274,146	$1,246.5	$4,547	284,029	$1,332.1	$4,690	285,065	$1,342.3	$4,709
Married	32,753	$175.0	$5,343	33,521	$183.0	$5,460	31,263	$169.0	$5,405
Other	22,092	$123.2	$5,576	22,653	$127.9	$5,645	20,928	$117.5	$5,615
Total	**328,991**	**$1,544.7**	**$4,695**	**340,203**	**$1,643.0**	**$4,830**	**337,256**	**$1,628.8**	**$4,829**

Loan Year: August 1–July 31

Marital Status of Part-Time Borrowers

Marital Status	2002-2003			2003-2004			2004-2005		
	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average
Single	1,932	$3.2	$1,631	1,944	$3.3	$1,675	1,810	$3.2	$1,781
Married	526	$0.9	$1,723	513	$0.9	$1,696	462	$0.9	$1,920
Other	314	$0.5	$1,636	322	$0.5	$1,659	300	$0.5	$1,714
Total	**2,772**	**$4.6**	**$1,649**	**2,779**	**$4.7**	**$1,677**	**2,572**	**$4.6**	**$1,798**

Loan Year: August 1–July 31

APPENDIX C

BORROWERS BY AGE

Full-Time Borrowers by Age

Age	2002-2003			2003-2004			2004-2005		
	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average
21 & under	148,114	$623.6	$4,210	158,023	$692.4	$4,381	158,171	$691.5	$4,372
22-25	97,059	$471.6	$4,859	99,101	$495.0	$4,995	100,423	$507.8	$5,056
26-29	36,554	$193.1	$5,283	36,342	$196.2	$5,400	35,193	$189.9	$5,397
30 & over	47,264	$256.4	$5,426	46,737	$259.4	$5,550	43,469	$239.6	$5,511
Total	**328,991**	**$1,544.7**	**$4,695**	**340,203**	**$1,643.0**	**$4,830**	**337,256**	**$1,628.8**	**$4,829**

Loan Year: August 1–July 31

Part-Time Borrowers by Age

Age	2002-2003			2003-2004			2004-2005		
	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average
21 & under	762	$1.2	$1,622	812	$1.3	$1,632	711	$1.3	$1,760
22-25	705	$1.1	$1,612	661	$1.1	$1,720	642	$1.1	$1,779
26-29	415	$0.7	$1,673	398	$0.7	$1,688	368	$0.7	$1,901
30 & over	890	$1.5	$1,690	908	$1.5	$1,682	851	$1.5	$1,800
Total	**2,772**	**$4.6**	**$1,649**	**2,779**	**$4.7**	**$1,677**	**2,572**	**$4.6**	**$1,798**

Loan Year: August 1–July 31

APPENDIX D

BORROWERS BY GENDER

Full-Time Borrowers by Gender

Gender	2002-2003			2003-2004			2004-2005		
	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average
Female	193,590	$916.3	$4,733	202,806	$989.1	$4,877	202,364	$987.9	$4,882
Male	135,401	$628.4	$4,641	137,397	$653.9	$4,759	134,892	$640.9	$4,751
Total	**328,991**	**$1,544.7**	**$4,695**	**340,203**	**$1,643.0**	**$4,830**	**337,256**	**$1,628.8**	**$4,829**

Loan Year: August 1–July 31

Part-Time Borrowers by Gender

Gender	2002-2003			2003-2004			2004-2005		
	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average
Female	1,806	$2.9	$1,630	1,886	$3.2	$1,676	1,732	$3.1	$1,805
Male	966	$1.6	$1,684	893	$1.5	$1,679	840	$1.5	$1,783
Total	**2,772**	**$4.6**	**$1,649**	**2,779**	**$4.7**	**$1,677**	**2,572**	**$4.6**	**$1,798**

Loan Year: August 1–July 31

APPENDIX E

BORROWERS BY STUDY LEVEL

Full-Time Borrowers by Study Level

Study Level	2002-2003			2003-2004			2004-2005		
	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average
Doctorate	2,638	$16.7	$6,318	2,503	$16.0	$6,396	2,622	$16.9	$6,439
Master's	11,095	$64.3	$5,799	11,901	$70.4	$5,917	11,902	$70.8	$5,948
Non-Degree	139,052	$642.6	$4,622	137,686	$657.6	$4,776	132,783	$633.0	$4,767
Undergraduate	176,206	$821.0	$4,659	188,113	$899.0	$4,779	189,949	$908.1	$4,781
Total	**328,991**	**$1,544.7**	**$4,695**	**340,203**	**$1,643.0**	**$4,830**	**337,256**	**$1,628.8**	**$4,829**

Loan Year: August 1–July 31

Part-Time Borrowers by Study Level

Study Level	2002-2003			2003-2004			2004-2005		
	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average
Doctorate	*	$0.0	$2,772	*	$0.0	$2,087	*	$0.0	$1,743
Master's	54	$0.1	$1,952	68	$0.1	$2,056	75	$0.2	$2,384
Non-Degree	1,472	$2.6	$1,771	1,540	$2.7	$1,742	1,379	$2.6	$1,874
Undergraduate	1,244	$1.9	$1,490	1,183	$1.9	$1,573	1,114	$1.9	$1,665
Total	**2,772**	**$4.6**	**$1,649**	**2,779**	**$4.7**	**$1,677**	**2,572**	**$4.6**	**$1,798**

Loan Year August 1–July 31

* Counts lower than 10 have been suppressed.

APPENDIX F

BORROWER MOBILITY FROM PROVINCE TO PROVINCE 2002-2003 AND 2003-2004 LOAN YEARS

2002-2003 Mobility of Canada Student Loan Borrowers – Province to Province

Province/Territory of Issue	Province of Study													U.S.A.	Rest of the World	Total
	N.L.	P.E.I.	N.S.	N.B.	ONT.	MAN.	SASK.	ALTA.	B.C.	Y.T.	QC	N.W.T.	CANADA			
N.L.	10,268	106	996	381	479	22	19	111	44	*	59	*	12,485	49	20	12,554
P.E.I.	30	1,923	538	424	170	10	*	25	25	*	35	*	3,187	39	12	3,238
N.S.	105	308	13,765	1,218	768	19	28	127	79	*	191	*	16,610	275	60	16,945
N.B.	81	227	1,455	11,910	775	23	20	81	52	*	584	*	15,210	192	37	15,439
ONT.	122	50	1,005	363	139,006	301	150	691	945	*	1,656	*	144,290	2,967	938	148,195
MAN.	*	*	70	16	384	8,401	191	353	138	*	73	*	9,629	262	39	9,930
SASK.	*	*	103	13	288	222	12,243	1,908	256	*	79	*	15,125	227	40	15,392
ALTA	36	12	359	89	1,457	222	501	36,644	1,277	*	297	*	40,901	894	257	42,052
B.C.	38	10	328	128	2,258	261	340	2,631	57,281	*	491	*	63,774	838	381	64,993
Y.T.	*	*	*	*	20	*	*	78	85	30	*	*	238	11	*	253
Total	**10,690**	**2,642**	**18,628**	**14,543**	**145,605**	**9,482**	**13,505**	**42,649**	**60,182**	**48**	**3,472**	*	**321,449**	**5,754**	**1,788**	**328,991**

Loan Year: August 1–July 31

*Counts lower than 10 have been suppressed.

2003-2004 Mobility of Canada Student Loan Borrowers – Province to Province

Province/Territory of Issue	Province of Study													U.S.A.	Rest of the World	Total
	N.L.	P.E.I.	N.S.	N.B.	ONT.	MAN.	SASK.	ALTA.	B.C.	Y.T.	QC	N.W.T.	CANADA			
N.L.	9,687	77	816	306	360	22	15	93	47	*	46	*	11,469	47	25	11,541
P.E.I.	28	2,060	536	439	164	10	*	30	25	*	35	*	3,331	45	*	3,385
N.S.	153	275	13,407	1,265	727	23	32	140	96	*	188	*	16,306	331	60	16,697
N.B.	76	220	1,515	12,363	719	20	22	91	56	*	562	*	15,645	222	35	15,902
ONT.	128	53	1,162	416	149,957	374	161	808	995	*	1,796	*	155,852	2,706	1,126	159,684
MAN.	*	*	70	21	378	8,183	192	324	151	*	65	*	9,393	216	40	9,649
SASK.	*	*	99	*	297	226	12,077	1,832	272	*	72	*	14,894	223	46	15,163
ALTA	46	20	397	92	1,529	241	512	36,902	1,416	*	314	*	41,473	755	273	42,501
B.C.	38	14	348	127	2,305	292	304	2,667	57,556	*	532	*	64,185	803	437	65,425
Y.T.	*	*	12	*	20	*	*	66	96	36	*	*	246	*	*	256
Total	**10,164**	**2,730**	**18,362**	**15,040**	**156,456**	**9,391**	**13,324**	**42,953**	**60,710**	**43**	**3,617**	*	**332,794**	**5,353**	**2,056**	**340,203**

Loan Year: August 1–July 31

*Counts lower than 10 have been suppressed.

APPENDIX G

FULL-TIME LOANS BY INSTITUTION TYPE

Full-Time Loans by Institution Type

Institution Type	2002-2003			2003-2004			2004-2005		
	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average
Universities	178,353	$844.6	$4,736	188,500	$915.6	$4,854	189,780	$922.8	$4,863
Colleges/ Institutes	113,528	$491.4	$4,329	113,042	$504.6	$4,456	110,559	$493.0	$4,459
Private	37,440	$208.6	$5,573	38,661	$222.8	$5,757	37,259	$212.9	$5,715
Total**	**328,991**	**$1,544.7**	**$4,695**	**340,203**	**$1,643.0**	**$4,944**	**337,256**	**$1,628.8**	**$4,829**

Loan Year: August 1–July 31

Note: Overall borrower counts for institutions are slightly greater than total counts as borrowers may have taken loans from more than one institution type.

APPENDIX H

PART-TIME LOANS BY PROVINCE/TERRITORY AND BY INSTITUTION TYPE

Part-Time Borrowers by Province/Territory

Province/ Territory	2002-2003			2003-2004			2004-2005		
	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average
N.L.	30	$0.0	$1,229	47	$0.1	$1,334	30	$0.0	$1,250
P.E.I.	83	$0.2	$2,168	52	$0.1	$1,990	49	$0.1	$2,929
N.S	285	$0.5	$1,754	222	$0.4	$1,886	213	$0.4	$2,015
N.B.	132	$0.2	$1,456	120	$0.2	$1,457	110	$0.2	$1,556
ONT.	698	$1.3	$1,831	687	$1.3	$1,919	679	$1.3	$1,938
MAN.	148	$0.3	$2,061	156	$0.3	$1,995	167	$0.3	$2,015
SASK.	212	$0.4	$1,994	171	$0.4	$2,314	149	$0.3	$2,333
ALTA.	1,015	$1.3	$1,252	1,065	$1.2	$1,172	932	$1.2	$1,339
B.C.	167	$0.4	$2,278	255	$0.6	$2,437	242	$0.6	$2,446
Y.T.	*	$0.0	$2,742	*	$0.0	$1,564	*	$0.0	$2,465
Total	**2,772**	**$4.6**	**$1,649**	**2,779**	**$4.7**	**$1,677**	**2,572**	**$4.6**	**$1,798**

Loan Year: August 1–July 31

*Counts lower than 10 have been suppressed.

Part-Time Loans by Institution Type

Institution Type	2002-2003			2003-2004			2004-2005		
	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average	No. of Borrowers	Value of Loans ($M)	Average
Universities	1,419	$2.2	$1,545	1,355	$2.2	$1,655	1,287	$2.3	$1,775
Colleges/ Institutes	1,008	$1.4	$1,434	1,132	$1.6	$1,416	1,016	$1.5	$1,300
Private	345	$0.9	$2,707	292	$0.8	$2,793	269	$0.8	$3,020
Total**	**2,772**	**$4.6**	**$1,649**	**2,779**	**$4.7**	**$1,677**	**2,572**	**$4.6**	**$1,798**

Loan Year: August 1–July 31

Note: Overall borrower counts for institutions are slightly greater than total counts as borrowers may have taken loans from more than one institution type.

APPENDIX I

CANADA STUDENT LOAN INDEBTEDNESS

Distribution of Canada Student Loan Indebtedness

Debt Load	2002-2003	2003-2004	2004-2005
Less than $5,000	27%	26%	24%
$5,000–$9,999	34%	33%	34%
$10,000–$14,999	18%	17%	18%
$15,000 and more	22%	24%	25%
Average Debt	**$10,265**	**$10,628**	**$ 11,051**

Loan Year: August 1–July 31

Note: Figures represent a borrower's Canada Student Loan only. Borrowers may also have provincial or private (bank) loans.

Average Indebtedness at Consolidation by Province/Territory

Debt Load	2002-2003	2003-2004	2004-2005
ALTA.	$9,713	$ 10,210	$10,606
B.C.	$9,623	$ 10,220	$11,007
MAN.	$8,530	$ 8,895	$ 9,755
N.B.	$10,419	$ 11,047	$ 11,609
N.L.	$11,367	$ 11,826	$ 12,373
N.S.	$11,768	$ 12,385	$ 13,311
ONT.	$10,537	$ 10,644	$ 10,781
P.E.I.	$11,177	$ 11,838	$ 13,025
SASK.	$10,428	$ 11,243	$ 11,632
Y.T.	$9,176	$ 10,907	$ 11,216
Average Debt	**$10,265**	**$ 10,628**	**$ 11,051**

Loan Year: August 1–July 31

Note: Figures represent a borrower's Canada Student Loan only. Borrowers may also have provincial or private (bank) loans.

Average Indebtedness by Institution Type

Debt Load	2002-2003	2003-2004	2004-2005
University	$13,257	$13,671	$14,342
College	$8,373	$ 8,598	$ 8,845
Private	$8,218	$ 8,131	$8,331
Average Debt	**$10,265**	**$10,628**	**$ 11,051**

Loan Year: August 1–July 31

Note: Figures represent a borrower's Canada Student Loan only. Borrowers may also have provincial or private (bank) loans.

Average Indebtedness by Age Group

Debt Load	2002-2003	2003-2004	2004-2005
21 & under	$5,452	$5,436	$5,704
22-25	$9,607	$ 9,940	$10,439
26-29	$12,981	$13,536	$14,010
30 & over	$12,219	$12,685	$13,055
Average Debt	**$10,265**	**$10,628**	**$11,051**

Loan Year: August 1–July 31

Note: Figures represent a borrower's Canada Student Loan only. Borrowers may also have provincial or private (bank) loans.

Average Indebtedness by Gender

Debt Load	2002-2003	2003-2004	2004-2005
Female	$10,434	$10,812	$11,257
Male	$10,055	$10,392	$10,763
Average Debt	**$10,265**	**$10,628**	**$ 11,051**

Loan Year: August 1–July 31

Note: Figures represent a borrower's Canada Student Loan only. Borrowers may also have provincial or private (bank) loans.

Average Indebtedness by Institution Type and Age Group

2004-2005 Debt Load	University	College	Private
21 & under	$5,946	$5,270	$6,548
22-25	$12,689	$8,292	$8,309
26-29	$16,915	$11,412	$9,970
30 & over	$18,661	$11,326	$8,459
Average Debt	**$14,342**	**$8,845**	**$8,331**

Loan Year August 1–July 31

Note: Figures represent a borrower's Canada Student Loan only. Borrowers may also have provincial or private (bank) loans.

Average Indebtedness by Gender and Institution Type

2004-2005 Debt Load	University	College	Private
Female	$14,602	$9,395	$8,162
Male	$13,994	$8,155	$8,674
Average Debt	**$14,342**	**$8,845**	**$8,331**

Loan Year: August 1–July 31

Note: Figures represent a borrower's Canada Student Loan only. Borrowers may also have provincial or private (bank) loans.

APPENDIX J

INTEREST RELIEF

Interest Relief Recipients by Institution Type

Institution Type	2002-2003	2003-2004	2004-2005
College	49,500	45,115	39,967
Private	31,445	24,903	23,049
University	46,154	46,899	45,017
Missing	1,136	603	155
Total	**128,235**	**117,520**	**108,188**

Loan Year: August 1–July 31

Interest Relief Recipients by Gender

Gender	2002-2003	2003-2004	2004-2005
Female	80,612	72,593	69,407
Male	47,050	42,021	38,626
Missing	573	2,906	155
Total	**128,235**	**117,520**	**108,188**

Loan Year: August 1–July 31

Interest Relief Recipients by Age

Age	2002-2003	2003-2004	2004-2005
21 & under	8,182	7,727	8,455
22-25	39,095	34,732	32,306
26-29	33,367	30,823	27,492
30 & over	47,581	44,233	39,935
Missing	10	5	0
Total	**128,235**	**117,520**	**108,188**

Loan Year: August 1–July 31

Interest Relief Recipients by Province/Territory

Province/ Territory	2002-2003	2003-2004	2004-2005
ALTA	11,230	10,761	9,823
B.C.	21,874	19,506	17,337
MAN.	3,625	3,124	2,709
N.B.	9,018	7,798	6,601
N.L.	7,724	7,503	7,243
N.S.	9,864	8,667	8,052
ONT.	57,030	53,493	50,324
P.E.I.	1,124	1,057	1,098
SASK.	5,632	4,996	4,695
Y.T.	56	51	40
Missing	1,058	564	266
Total	**128,235**	**117,520**	**108,188**

Loan Year: August 1–July 31